

FILING STATEMENT
WALMER CAPITAL CORP.

IN RESPECT OF
THE QUALIFYING TRANSACTION OF WALMER CAPITAL CORP.

DATED AS AT MARCH 22, 2017

*Neither the TSX Venture Exchange Inc. (the "**Exchange**") nor any securities regulatory authority has in any way passed upon the merits of the Qualifying Transaction described in this Filing Statement.*

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GLOSSARY OF TERMS

In this Filing Statement, unless the context otherwise requires, the terms set forth below have the following meanings:

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| ABCA | means the <i>Business Corporations Act</i> of Alberta, R.S.A. 2000, c. B-9, as amended. |
| Acquisition Agreement | means the purchase agreement dated October 27, 2016 between Walmer and the Vendor. |
| Assets | means 100% legal and beneficial interest in the mineral property referred to as the Johan Beetz Feldspar Property located in Johan Beetz/Iles et ilets de Mingan 03 Township, Province of Quebec, and comprised of 4 cells described in Schedule A of the Acquisition Agreement, subject to the 2.5% Gross Metal Royalty described therein. |
| Author | means the author of the Technical Report, Bill McGuinty, P. Geo. of OTD Exploration Services Inc. |
| Available Funds | means the estimated working capital (total current assets less total current liabilities) which will be available to the Resulting Issuer (assuming completion of the Qualifying Transaction) as at the most recent month end preceding the date of this document, which will be available to the Resulting Issuer (including the working capital of Walmer) immediately prior to or concurrently with the completion of the Qualifying Transaction. |
| Board | means the board of directors of Walmer. |
| Business Day | means a day, other than a Saturday, Sunday or statutory holiday, when banks are generally open in the City of Toronto for the transaction of banking business. |
| Closing | means the completion of the Qualifying Transaction. |
| Common Share | means a common share in the capital of Walmer. |
| Concurrent Financing | means the private placement by Walmer of 10,250,000 Subscription Receipts at a price of \$0.05 per Subscription Receipt for gross proceeds of \$512,500.00 and 7,110,000 Flow-Through Shares for gross proceeds of \$355,500.00. |
| Consideration Shares | means the aggregate of 2,000,000 Common Shares in the capital of Walmer to be issued to the Vendor. |
| Company | unless specifically indicated otherwise, means a corporation, incorporated association or organization, body corporate, partnership, trust, association or other entity other than an individual |
| Control | means, with respect to control of a body corporate by a person, the holding (other than by way of security) by or for the benefit of that person of securities of that body corporate to which are |

attached more than 50% of the votes that may be cast to elect directors of the body corporate (whether or not securities of any other class or classes shall or might be entitled to vote upon the happening of any event or contingency) provided that such votes, if exercised, are sufficient to elect a majority of the board of directors of the body corporate.

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| CPC | means a capital pool company as defined in TSXV Policy 2.4. |
| CRA | means Canada Revenue Agency. |
| Depository | means Computershare Trust Company of Canada, the registrar and transfer agent of Walmer. |
| Escrow Release Conditions | means the terms and conditions required to be met for the conversion of the Subscription Receipts as listed in the subscription receipt certificates issued by Walmer providing for the creation and issuance of, and the terms and conditions governing, the Subscription Receipts. |
| Filing Statement | means this Filing Statement dated March 22, 2017 of Walmer. |
| Final Exchange Bulletin | means the exchange bulletin of the TSXV which is issued following Closing and the submission of all required documents and that evidences the final TSXV acceptance of the Qualifying Transaction. |
| Finder | means, First Republic Capital Corporation. |
| Finder's Fee | means the cash commission paid to the Finder and a member of the Finder's selling group, pursuant to the Engagement Agreement comprised of a corporate finance fee totaling 2% of the gross proceeds of the Concurrent Financing, and a cash commission totaling 8% of the gross proceeds of the Concurrent Financing. |
| Finder's Share Warrants | means the non-transferable common share purchase warrants issued to the Finder and a member of the Finder's selling group, pursuant to the Engagement Agreement to acquire 711,000 Walmer Shares exercisable for a period of 18 months from the Offering Closing Date at a price of \$0.05 per share. |
| Finder's Unit Warrants | means the non-transferable Unit purchase warrants issued to the Finder pursuant to the Engagement Agreement to acquire 1,025,000 Units exercisable for a period of 18 months from the Offering Closing Date at a price of \$0.05 per Unit. |
| Flow-Through Shares | means the 7,110,000 common shares issued by Walmer on a "flow-through" basis, pursuant to the Concurrent Financing, at a price of \$0.05 per common shares. |
| IPO Escrow Agreement | means the escrow agreement dated December 12, 2011, among Walmer, Olympia Trust Company, as depository, and the founding shareholders of Walmer. |

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| Johan Beetz Feldspar Property or Property | means the Johan Beetz/lles et ilets de Mingan 03 Township, Province of Quebec that is the subject of the Technical Report. |
| Material Adverse Effect | in respect of a Person means any change, effect, event, occurrence, condition or development that has or could reasonably be expected to have, individually or in the aggregate, a material and adverse impact on the business, operations, results of operations, assets, capitalization or financial condition of such Person, other than any change, effect, event, occurrence or state of facts relating to the global economy or securities markets in general. |
| Misrepresentation | includes any untrue statement of a material fact, any omission to state a material fact that is required to be stated and any omission to state a material fact that is necessary to be stated in order for a statement not to be misleading. |
| NI 43-101 | means National Instrument 43-101 - <i>Standards of Disclosure for Mineral Projects</i> and the companion policies and forms thereto. |
| Non-Arm's Length Parties | Means, in relation to a corporation, a promoter, officer, director, other insider or control person of the corporation and any associates or affiliates of any of the foregoing, or, another entity or an affiliate of that entity, if that entity or its affiliate have the same promoter, officer, director, insider or control person as the corporation. |
| Offering Closing Date | means the date the Concurrent Financing closed, being December 7, 2016 for the Subscription Receipts and December 12, 2016 for the Flow-Through Shares. |
| Person | means a Company or individual |
| Professional Person | means any person whose profession gives authority to a statement made by the person in such person's capacity, and includes a barrister and solicitor, public accountant, appraiser, valuator, auditor, engineer or geologist acting in that capacity with respect to the Qualifying Transaction. |
| Property Finder | means Nathan Rotstein, an arm's length individual to Walmer. |
| Qualifying Transaction | means a transaction where a CPC acquires Significant Assets other than cash, by way of purchase, amalgamation, merger or arrangement with another company or by other means, and in this Filing Statement means the acquisition of the Assets pursuant to the Acquisition Agreement. |
| Registrar | means the Registrar of Corporations or a Deputy Registrar of Corporations appointed under section 263 of the ABCA. |
| Resulting Issuer | means the issuer that was formerly a CPC that exists upon issuance of the Final Exchange Bulletin and in this Filing Statement means Walmer following completion of the Qualifying Transaction and issuance of the Final Exchange Bulletin. |

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| Resulting Issuer Shares | means the Resulting Issuer Shares in the capital of the Resulting Issuer. |
| Resulting Issuer Shareholders | means the registered holders of Resulting Issuer Shares and " Resulting Issuer Shareholder " means any one of them. |
| Subscription Receipts | means the 10,250,000 subscription receipts issued by Walmer pursuant to the Concurrent Financing, at a price of \$0.05 per Subscription Receipt with each Subscription Receipt entitling the holder thereof to acquire one Unit, subject to certain conditions being met. If the Escrow Release Conditions are not satisfied on or before January 31, 2017, the Subscription Receipts will be cancelled and all proceeds from the sale of such subscription receipts shall be returned to the subscribers thereof unless the time for conversion is extended pursuant to the terms of the Subscription Receipts. |
| Tax Act | means the <i>Income Tax Act</i> , R.S.C. 1985, c.I (5th Supp.), as amended. |
| Technical Report | means the NI 43-101 compliant report on the Johan Beetz Feldspar Property dated effective February 21, 2017, entitled "Johan Beetz Feldspar Project Mining Claims 2432487, 2432488, 2461222 and 2461223 Johan-Beetz/Iles & Islets de Mingan 03 township Quebec NTS 12L07" prepared by the Author. |
| TSXV | means the TSX Venture Exchange Inc. |
| TSXV Policies | means the TSXV corporate finance manual, as amended from time to time. |
| TSXV Policy 2.4 | means policy 2.4 of the TSXV regarding capital pool companies which policy sets forth the procedures to be followed when a capital pool company undertakes a Qualifying Transaction. |
| Unit | Unit shall be comprised of one Common Share and one half of one common share purchase warrant, each whole warrant (a " Warrant ") will be valid for 18 months from the Offering Closing Date and each Warrant will entitle the holder to purchase one Common Share at a price of \$0.10 per Common Share |
| Vendor | means Globex Mining Enterprises Inc., the beneficial and legal owner of the Property. |
| Walmer | means Walmer Capital Corp., a corporation incorporated under the laws of the Province of Alberta (to be renamed EnerSpar Corp. upon completion of the Qualifying Transaction). |
| Walmer Financial Statements | means, collectively, the audited financial statements of Walmer for the period ended December 31, 2016 and 2015, together with the notes thereto and the auditor's report thereon, attached hereto as Appendix "A". |
| Walmer Option Plan | means Walmer's existing stock option plan. |

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| Walmer Options | means outstanding options held by directors and officers of Walmer to acquire Walmer Shares under the Walmer Option Plan. |
| Walmer Principals | means the directors and officers of Walmer, namely, James Richardson, Peter Andrews, Peter Bloch and John Arnold. |
| Walmer Shares | means the common shares in the capital of Walmer. |
| Walmer Shareholders | means the registered holders of Walmer Shares and " Walmer Shareholder " means any one of them. |
| Warrant | means warrants exercisable to purchase Walmer Shares, issued in connection with the conversion of the Subscription Receipts into Units. Each Warrant issued upon conversion of the Subscription Receipts as part of the Units will entitle the holder thereof to acquire one Walmer Share at a price of \$0.10 per Walmer Share for a period of 18 months from the Offering Closing Date. |

Words importing the singular include the plural and vice versa and words importing any gender include all genders.

CURRENCY

Unless otherwise indicated, all currency amounts reflected herein are stated in Canadian dollars and references to "\$" or "dollars" are references to Canadian dollars.

CAUTIONARY STATEMENTS REGARDING FORWARD-LOOKING INFORMATION

This Filing Statement contains certain forward-looking statements and forward-looking information which are based upon the current internal expectations, estimates, projections, assumptions and beliefs of Walmer as of the date of such statements or information, including, among other things, assumptions with respect to future capital expenditures and cash flows; that there is no material deterioration in general business and economic conditions; that there is no unanticipated fluctuation of interest rates and foreign exchange rates; that there are no unanticipated adverse changes to market competition; that Walmer receive all required approvals for the Qualifying Transaction in a timely fashion; and that Walmer satisfy all of the conditions of closing and successfully completes the Qualifying Transaction.

The reader is cautioned that the assumptions used in the preparation of such information may be incorrect. In some cases, words such as "plan", "expect", "project", "intend", "believe", "anticipate", "estimate", "may", "will", "potential", "proposed" and other similar words, or statements that certain events or conditions "may" or "will" occur, are intended to identify forward-looking statements and forward-looking information. These statements are not guarantees of future performance and involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in the forward-looking statements or information. In addition, this Filing Statement may contain forward-looking statements and information attributed to third-party industry sources. By its nature, forward-looking information involves numerous assumptions, known and unknown risks and uncertainties, both general and specific, that contribute to the possibility that the predictions, forecasts, projections and other forward-looking statements will not occur. Such forward-looking statements and

information in this Filing Statement speak only as of the date of this Filing Statement. We seek safe harbour.

The forward-looking statements and the forward-looking information contained in this Filing Statement are expressly qualified by the cautionary statements provided for herein. Walmer is not under any duty to update any of the forward-looking statements or information after the date of this Filing Statement to conform such statements or information to actual results or to changes in the expectations of Walmer except as otherwise required by applicable securities laws.

Forward-looking statements and information contained in this Filing Statement include, but are not limited to, statements with respect to:

- the use of proceeds from the Concurrent Financing;
- the successful completion of the Qualifying Transaction;
- business strategy, strength and focus;
- tax horizon and future income taxes;
- treatment under governmental regulatory regimes and tax laws;
- expectations about Walmer's future working capital position; and
- capital expenditure programs and the timing and funding thereof.

Although Walmer believes that the expectations reflected in the forward-looking statements and information contained herein are reasonable, there can be no assurance that such expectations will prove to be correct. Walmer cannot guarantee future results, levels of activity, performance or achievements. Consequently, there is no representation by Walmer that actual results achieved will be the same in whole or in part as those set out in the forward-looking statements and information. Some of the risks and other factors, some of which are beyond the control of Walmer, which could cause results to differ materially from those expressed in the forward-looking statements and information contained in this Filing Statement, include, but are not limited to:

- general economic conditions in Canada and globally;
- industry conditions;
- liabilities inherent in mining operations;
- governmental regulation of the mining industry, including environmental regulation;
- fluctuations in foreign exchange or interest rates and stock market volatility;
- the availability of capital on acceptable terms;
- inability to satisfy conditions to, or otherwise complete, the Qualifying Transaction; and
- changes to income tax laws or changes in tax laws and incentive programs relating to the mining industry.

These factors should not be considered exhaustive. See "*Risk Factors*" in this Filing Statement.

The above summary of assumptions and risks related to forward-looking information has been provided in this Filing Statement in order to provide readers with a more complete perspective on the future operations of Walmer. Readers are cautioned that this information may not be appropriate for other purposes.

MARKET AND INDUSTRY DATA

The market and industry data contained in this Filing Statement are based upon information from independent industry and other publications and Walmer's management's knowledge of, and experience in, the industry in which Walmer will operate. None of the sources of market and industry data has provided any form of consultation, advice or counsel regarding any aspect of, or is in any way whatsoever associated with, the Qualifying Transaction. Market and industry data are subject to variations and cannot be verified with complete certainty due to limits on the availability and reliability of raw data at any particular point in time, the voluntary nature of the data gathering process or other limitations and uncertainties inherent in any statistical survey. Accordingly, the accuracy and completeness of this data are not guaranteed. Walmer has not independently verified any of the data from third party sources referred to in this Filing Statement or ascertained the underlying assumptions relied upon by such sources.

FILING STATEMENT SUMMARY

The following is a summary of information relating to Walmer, the Assets and the Resulting Issuer (assuming completion of the Qualifying Transaction) and should be read together with the more detailed information and financial data and statements contained elsewhere in this filing statement. Certain capitalized words and terms used herein and not otherwise defined are defined in the Glossary of Terms.

The Qualifying Transaction

Walmer, a Capital Pool Company, intends that the acquisition of the Assets pursuant to the Acquisition Agreement will constitute its Qualifying Transaction under the TSXV Policies. Upon completion of the Qualifying Transaction, Walmer will be listed on the Exchange as a Tier 2 Mining Issuer.

The parties to the Acquisition Agreement are Walmer and the Vendor. The Qualifying Transaction is not a Non-Arm's Length Qualifying Transaction as such term is defined in the TSXV Policies. As such, Walmer does not require the approval of its shareholders in order to complete the Qualifying Transaction. Following completion of the Qualifying Transaction and pursuant to the approval of Walmer Shareholders at the annual general and special meeting of shareholders held on July 14, 2016, it is expected that Walmer will file articles of amendment to change its name to "EnerSpar Corp." or such other name as is acceptable to the TSXV and as the board of directors of Walmer may determine in its sole discretion.

Pursuant to the provisions of the Acquisition Agreement, Walmer will acquire a 100% interest in the Assets in consideration of an initial payment of \$100,000 and the issuance of the 2,000,000 Consideration Shares at a deemed price of \$0.05 per Consideration Share for consideration of \$100,000. Upon completion of the Qualifying Transaction, Walmer will carry on the business of exploring and developing the Johan Beetz Feldspar Property in accordance with the recommendations of the Technical Report.

Walmer intends to pay, subject to Exchange approval, a finder's fee in the amount of 400,000 common shares of Walmer to the Property Finder, an arm's length party to Walmer, as a finder's fee with respect to the Qualifying Transaction.

Please see "*Information Concerning the Assets and Johan Beetz Feldspar Property*" for additional information.

The Qualifying Transaction is subject to certain conditions, including obtaining all necessary regulatory approvals (including the approval of the Exchange) and the Exchange being satisfied that, after the completion of the Qualifying Transaction, Walmer will satisfy the Exchange's initial listing requirements for a Tier 2 mining issuer.

Directors and Management

Upon completion of the Qualifying Transaction, James Richardson, Peter Andrews, Peter Bloch and John Arnold will remain as directors of Walmer. James Richardson will remain as Chief Executive Officer and John Arnold will remain as Chief Financial Officer and corporate secretary.

Please see "*Information Concerning the Resulting Issuer- Directors, Officers and Promoters*" for additional information.

Interest of Insiders, Promoters or Control Persons

The Walmer Principals currently hold 1,010,000 Common Shares, approximately 9% of the issued and outstanding Common Shares prior to Completion of the Qualifying Transaction. The 625,000 Walmer Options issued to the Walmer Principals are exercisable at a price of \$0.10 per Common Share. Upon completion of the Qualifying Transaction, the Walmer Principals will hold 1,810,000 Common Shares, or approximately 7.6% of the issued and outstanding Common Shares (based upon 23,760,000 outstanding Common Shares).

In accordance with the CPC Policy, 1,810,000 Common Shares held by the Walmer Principals are and will be subject to escrow in accordance with the CPC Escrow Agreement. Upon issuance of the Final Exchange Bulletin, 10% of the Common Shares subject to the CPC Escrow Agreement will be released and the remaining Common Shares held in escrow will be released in six equal tranches of 15% every six months following the date of the Final Exchange Bulletin.

Please see "*Information Concerning the Resulting Issuer – Escrowed Securities*" and "*Principal Security Holders*" for additional information.

The Johan Beetz Feldspar Property

The Johan Beetz Feldspar Property is located in Johan Beetz/Iles et ilets de Mingan 03 Township, Province of Quebec and is the subject of the Technical Report.

Please see "*Information Concerning the Assets and Johan Beetz Feldspar Property*" for additional information.

Procedure for the Qualifying Transaction to Become Effective

Approvals Necessary for the Qualifying Transaction

Shareholder Approval

No approval of the Qualifying Transaction by the Walmer Shareholders is required.

TSXV Approval

The Qualifying Transaction is subject to the approval of the TSXV (which must also approve the change of the Resulting Issuer's name). Listing of the Resulting Issuer Shares to be issued in connection with the Qualifying Transaction is subject to the Resulting Issuer fulfilling all requirements of the TSXV on completion of the Qualifying Transaction.

Walmer received the TSXV's conditional acceptance of the Qualifying Transaction on March 22, 2017, which is subject to Walmer fulfilling all of the requirements of the TSXV. Walmer will be considered to have completed the Qualifying Transaction on the date that the TSXV issues the Final Exchange Bulletin. TSXV Policy 2.4 regarding CPCs shall cease to apply after Walmer has completed the Qualifying Transaction with the exception of any escrow resale restrictions, which will continue in full force and effect.

Timing

If TSXV approval of the Qualifying Transaction is obtained and all other conditions specified in the conditional acceptance are satisfied, Walmer expects the closing of the Qualifying Transaction will be on or about March 15, 2017.

The Closing could be delayed, however, for a number of reasons.

See "*The Qualifying Transaction – Procedure for the Qualifying Transaction to Become Effective*".

Arm's Length Transaction

The terms of the Qualifying Transaction were established through arm's length negotiations between the management of Walmer and the Vendor. The Qualifying Transaction is not a Non-Arm's Length Qualifying Transaction within the meaning of the CPC Policy.

Selected Pro-Forma Financial Information

The following table sets forth pro forma financial information of Walmer as of December 31, 2016, assuming completion of the Qualifying Transaction and should be read in conjunction with the pro forma consolidated balance sheet of Walmer attached as Appendix "C":

| Description | Pro Forma Resulting Issuer |
|----------------------|-----------------------------------|
| Current Assets | \$642,442 |
| Total Assets | \$907,442 |
| Total Liabilities | \$106,500 |
| Shareholder's Equity | \$800,942 |

Funds Available

As set out in the table below, assuming completion of the Qualifying Transaction as at December 31, 2016, it is expected that Walmer will have \$787,442 in available funds.

| Description | Pro Forma Resulting Issuer |
|----------------------|-----------------------------------|
| Current Assets | \$787,442 |
| Total Liabilities | \$557,742 |
| Shareholder's Equity | \$229,700 |

Principal Purpose of Funds

The principal purpose of such funds will be for, among other things, working capital and future expenditures on the Johan Beetz Feldspar Property as set forth in the Technical Report. It is anticipated that Walmer will use such funds as follows:

| Use of Proceeds | Estimated Portion of Funds |
|---|-----------------------------------|
| Estimated costs to complete the Qualifying Transaction ⁽¹⁾ | \$50,000 |
| Payment to the Vendor | \$100,000 |
| Recommended phase I exploration program on the Johan Beetz Feldspar Property | \$450,450 |
| Estimated general and administrative expenses over the 12 months following the Closing Date | \$86,992 |
| Unallocated funds | \$100,000 |
| Total | \$787,442 |

Notes:

- (1) **Restrictions on Use of Proceeds.** Until Completion of the Qualifying Transaction, a maximum of the lesser of (i) 30% of the gross proceeds realized from the sale of all securities issued by Walmer on the IPO, and (ii) \$210,000 may be used for purposes other than those described above under "Permitted Use of Funds". For greater certainty, expenditures which are not included under "Permitted Use of Funds" include:
- (a) listing and filing fees (including SEDAR fees);
 - (b) other costs for the issuance of securities, (including legal, accounting and audit expenses) relating to the preparation and filing of this prospectus; and
 - (c) administrative and general expenses of the Corporation, including:
 - (i) office supplies, office rent and related utilities;
 - (ii) printing costs (including the printing of this prospectus and share certificates);
 - (iii) equipment leases; and
 - (iv) fees for legal advice and audit expenses, other than those described above under "Permitted Use of Funds".

No proceeds may be used to acquire or lease a vehicle.

There may be circumstances where, for sound business reasons, a reallocation of funds may be necessary. See "Information Concerning the Resulting Issuer – Available Funds and Principal Purposes" for more information.

Walmer Capital Corp.

Corporate Structure

Walmer was incorporated under the ABCA on June 27, 2011. Its registered and head office is located at 850 2 St SW, Calgary, AB T2P 0R8 Calgary, Alberta and its principal office for conducting business is located at 22 Coulson Ave., Toronto, Ontario M4V 1Y5.

Concurrent Financing

In connection with the Concurrent Financing, on December 7, 2016, Walmer issued 10,250,000 Subscription Receipts for gross proceeds of \$512,500.00 and on December 12, 2016, Walmer issued 7,110,000 Flow-Through Shares for gross proceeds of \$355,500.00.

The Subscription Receipts were issued at a price of \$0.05 per Subscription Receipt. Each Subscription Receipt shall automatically convert, without payment of any additional consideration and without further action on the part of a subscriber, into one Unit on the completion of the Qualifying Transaction. Each Unit shall be comprised of one Common Share and one half of one Warrant, each whole Warrant will be valid for 18 months from the Offering Closing Date and each Warrant will entitle the holder to purchase one Common Share at a price of \$0.10 per Common Share.

Pursuant to the Engagement Agreement the Finder, and members of the Finder's selling group, received a corporate finance fee totaling 2% of the gross proceeds of the Concurrent Financing, and a cash commission totaling 8% of the gross proceeds of the Concurrent Financing. Additionally, the Finder, and members of the Finder's selling group, received 711,000 Finder's Share Warrants and 1,025,000 Finder's Unit Warrants.

See "*Information Concerning Walmer – General Development of the Business – Concurrent Financing*".

Stock Exchange Price

The Walmer Shares are listed on the NEX board of the TSXV under the symbol "WAL.H". The Walmer Shares last traded on January 15, 2014 and were halted from trading on April 2, 2014 pending the dissemination of information concerning a previous proposed Qualifying Transaction. The Walmer Shares have since been suspended from trading on the TSXV and been moved to the NEX board of the TSXV as a result of the failure of Walmer to complete its Qualifying Transaction within 24 months of the date of its initial public offering.

Reinstatement to trading is expected to occur upon issuance of the Final Exchange Bulletin, under the symbol "ENER".

See "*Information Concerning Walmer.*"

Interest of Experts

Parker Simone LLP, the auditors of Walmer, are independent of Walmer, within the meaning of the Rules of Professional Conduct of the Chartered Professional Accountants of Ontario. To the knowledge of the management of Walmer, as of the date of this Filing Statement, no other Professional Person or any associate or affiliate of such person has any beneficial interest, direct or indirect, in the securities or property of Walmer or of an associate or affiliate of it and no Professional Person is expected to be elected, appointed or employed as a director, senior officer or employee of Walmer, or of an associate or affiliate of it, or as a promoter of any such entity or of an associate or affiliate of any such entity.

Conflicts of Interest

Some of the proposed directors and officers of Walmer are also directors and officers of other reporting and non-reporting issuers. Accordingly, conflicts of interest may arise which could influence these persons in acting on behalf of Walmer, notwithstanding that they will be bound by the provisions of the ABCA to act at all times in good faith in the interest of Walmer and to disclose such conflicts to Walmer if and when they arise. To the best of their knowledge, Walmer is not aware of the existence of any conflicts of interest between any of its directors and officers as of the date of this Filing Statement, other than as disclosed herein.

Risk Factors

An investment in securities of Walmer is speculative due to the nature of Walmer's business and its current stage of development. Investors should review carefully the risk factors set forth in this Filing Statement under the heading "Risk Factors".

Walmer has no businesses or assets, other than that which remains of the proceeds of the initial public offering, Walmer has no history of earnings; it has not paid any dividends and it is unlikely to pay any dividends in the immediate or foreseeable future.

Additionally, there are certain risks that Walmer will face in its normal course of business; following completion of the Qualifying Transaction, which include, but are not limited to, the following: (i) insufficient capital; (ii) financing risks; (iii) risks related to the resale of Common Shares; (iv) market volatility; (v) negative operating cash flow; (vi) title risks; (vii) exploration and development risks; (viii) uninsurable risks; (ix) environmental regulations, permits and licenses; (x) no commercial ore; (xi)

competition; (xii) management (xiii) fluctuating mineral prices; (xiv) conflicts of interest; (xv) dividends; (xvi) currency risk; (xvii) risks related to foreign operations; and (xviii) conditions precedent.

See "*Risk Factors*".

PART I - INFORMATION CONCERNING WALMER

CORPORATE STRUCTURE

Walmer was incorporated under the ABCA on June 27, 2011. Its registered and head office is located at 850 2 St SW, Calgary, AB T2P 0R8 Calgary, Alberta and its principal office for conducting business is located at 22 Coulson Ave., Toronto, Ontario M4V 1Y5.

Walmer is a reporting issuer in the provinces of Alberta, British Columbia and Ontario and its Common Shares are listed for trading on the NEX under the symbol "WAL.H".

GENERAL DEVELOPMENT OF THE BUSINESS

History

Walmer is a CPC and to date has not carried on any business operations. The principal business of Walmer has been to identify and evaluate businesses and assets with a view to completing a Qualifying Transaction and, having identified and evaluated such opportunities, to negotiate an acquisition or participation subject to acceptance by the TSXV.

Walmer completed its initial public offering on May 4, 2012 pursuant to a CPC prospectus filed in the provinces of Alberta, British Columbia and Ontario, and issued 3,000,000 Walmer Shares at a price of \$0.10 per Walmer Share for gross proceeds of \$300,000, which amount was raised to provide Walmer with funds with which to identify and evaluate businesses or assets with a view to completing a Qualifying Transaction. The Walmer Shares were listed for trading on the TSXV on May 8, 2012.

2,000,000 common shares were held in escrow pending completion of the Qualifying Transaction. As a result of not completing a Qualifying Transaction within the 24 month time period, on August 7, 2014, one million shares held in escrow on behalf of founders of Walmer were cancelled (effectively repricing their remaining one million shares to \$0.10 per share, the same price as that paid by the IPO shareholders and reducing the issued and outstanding shares from 5,000,000 shares to 4,000,000 shares issued). 1,000,000 shares remain held in escrow.

On October 27, 2016, Walmer entered into a purchase agreement with the Vendor, whereby Walmer will acquire the Assets from the Vendor.

Concurrent Financing

In connection with the Concurrent Financing, on December 7, 2016, Walmer issued 10,250,000 Subscription Receipts for gross proceeds of \$512,500.00 and on December 12, 2016, Walmer issued 7,110,000 Flow-Through Shares for gross proceeds of \$355,500.00.

The Subscription Receipts were issued at a price of \$0.05 per Subscription Receipt. Each Subscription Receipt shall automatically convert, without payment of any additional consideration and without further action on the part of a subscriber, into one Unit on the completion of the Qualifying Transaction. Each Unit shall be comprised of one Common Share and one half of one Warrant, each whole Warrant will be valid for 18 months from the Offering Closing Date and each Warrant will entitle the holder to purchase one Common Share at a price of \$0.10 per Common Share.

Pursuant to the Engagement Agreement the Finder, and members of the Finder's selling group, received a corporate finance fee totaling 2% of the gross proceeds of the Concurrent Financing, and a cash commission totaling 8% of the gross proceeds of the Concurrent Financing. Additionally, the Finder, and members of the Finder's selling group, received 711,000 Finder's Share Warrants and 1,025,000 Finder's Unit Warrants.

The Subscription Receipts were created and issued pursuant to the terms of a subscription receipt agreement (the "**Subscription Receipt Agreement**") entered into on the Offering Closing Date among Walmer, the Finder and Garfinkle Biderman LLP, as escrow agent (the "**Escrow Agent**"). The proceeds of the Concurrent Financing, net of the Finder's Fee and the Finder's expenses incurred to-date (the "**Escrowed Proceeds**") are held in escrow on behalf of the Subscribers by the Escrow Agent and invested in short-term obligations of, or guaranteed by, the Government of Canada (and other approved investments). The Escrowed Proceeds and all accrued interest, less any unpaid expenses of the Finder, will be released to Walmer (or as it may direct) upon receipt by the Escrow Agent of a notice (the "**Escrow Release Notice**") from the Corporation and the Finder indicating the satisfaction of the Escrow Release Conditions (as defined below) on or before 5:00 p.m. Toronto time on January 31, 2017, as may be extended by the Finder for up to two (2) months or for additional periods in accordance with the Subscription Receipt Agreement (the "**Release Deadline**"), at which time each Subscription Receipt shall automatically convert into one (1) Unit.

Subject to the terms of the Subscription Receipt Agreement, each Subscription Receipt shall be automatically converted, without any further action by the holder thereof and for no additional consideration, into one (1) Unit upon the satisfaction of the following conditions (collectively, the "**Escrow Release Conditions**"):

- (a) the receipt of all required court, shareholder and regulatory approvals required for the Qualifying Transaction;
- (b) the receipt of conditional approval of the TSXV of the Qualifying Transaction and of the listing of the Common Shares;
- (c) the Corporation shall not be in breach or material default of any of its representations, warranties or covenants under this Subscription Agreement; and
- (d) the Corporation and the Finder shall have delivered the Escrow Release Notice to the Escrow Agent confirming that all of the conditions above have been satisfied or waived.

SELECTED CONSOLIDATED FINANCIAL INFORMATION FOR WALMER AND MANAGEMENT'S DISCUSSION AND ANALYSIS

Information from Inception

The following table sets forth selected financial information for Walmer for the years ended December 31, 2016 and 2015. Walmer reports financial information in Canadian dollars using IFRS. This summary financial information should only be read in conjunction with Walmer's financial statements, including the notes thereto, included elsewhere in this Filing Statement. **All dollar figures disclosed in the following table are reported in Canadian dollars.**

| | Year Ended December 31, 2016 (\$) | Year Ended December 31, 2015 (\$) |
|---------------------------------|---|---|
| Revenues | Nil | Nil |
| Administrative expenses | 36,048 | 57,440 |
| Stock-based compensation | 3,100 | Nil |
| Property acquisition impairment | Nil | 39,000 |
| Loss for the period | 39,148 | 96,440 |
| Deficit (end of period) | 302,793 | 263,645 |
| Loss per Walmer Share | 0.01 | 0.02 |
| Assets: | | |
| Current assets | 787,442 | 42,190 |
| Liabilities: | | |
| Current liabilities | 557,742 | 18,250 |
| Long-term liabilities | Nil | Nil |
| Shareholders equity (deficit) | 229,700 | 23,940 |
| Dividends | Nil | Nil |

Expenses from Incorporation to December 31, 2016

| Expenses | From incorporation to December 31, 2016 (audited) | Year ended December 31, 2016 (audited) | Year ended December 31, 2015 (audited) |
|--|---|--|--|
| Loss from operating activities | 302,793 | 39,148 | 96,440 |
| Amounts deferred in connection with the Qualifying Transaction | Nil | Nil | Nil |

As at December 31, 2016, Walmer had working capital of approximately \$230,000. Walmer estimates that the additional cash expenditures in pursuing the Qualifying Transaction, including legal fees, filing fees, and other expenses will be approximately \$50,000. Walmer expects that if the Qualifying Transaction is not completed, it may not have sufficient cash remaining to pursue another Qualifying Transaction without raising additional capital.

Management's Discussion and Analysis

For the year Ended December 31, 2016

See Appendix "B" for Walmer's Management's Discussion and Analysis for the year ended December 31, 2016. The Management's Discussion and Analysis should be read in conjunction with Walmer's annual audited financial statements for the year ended December 31, 2016, together with the notes thereto, incorporated by reference and attached to this Filing Statement as Appendix "A".

DESCRIPTION OF THE SECURITIES

The authorized capital of Walmer consists of an unlimited number of Walmer Shares without par value, and an unlimited number of preferred shares issuable in series with such rights and privileges as may be established by the Board (the "**Preferred Shares**"). As at the date of this Filing Statement, there are 11,110,000 Walmer Shares issued and outstanding as fully paid and non-assessable. There are

625,000 Walmer Shares reserved for issuance under stock options granted to directors and officers of Walmer.

Walmer Shares

The holders of Walmer Shares are entitled to dividends, if, as and when declared by the Board, to one vote per Walmer Share at meetings of Walmer Shareholders and, upon liquidation, to share equally in such assets of Walmer as are distributable to Walmer Shareholders. All Walmer Shares to be outstanding after completion of the Qualifying Transaction will be fully paid and non-assessable.

Preferred Shares

The Preferred Shares may be issued from time to time in one or more series, each consisting of such number of Preferred Shares as determined by the Board, who also may fix the designations, rights, privileges, restrictions and conditions attaching to the shares of each series of Preferred Shares. There are currently no Preferred Shares issued and outstanding. The Preferred Shares of each series shall, with respect to payment of dividends and distribution of assets in the event of voluntary or involuntary liquidation, dissolution or winding-up of Walmer or any other distribution of the assets of Walmer among its shareholders for the purpose of winding-up its affairs, rank on a parity with the Preferred Shares of every other series and shall be entitled to preference over the Walmer Shares and the shares of any other class ranking junior to the Preferred Shares.

WALMER STOCK OPTION PLAN

The Walmer Option Plan is subject to the requirements of TSXV Policy 4.4 and applicable Securities Laws. It provides that the Board may from time to time, in its discretion, and in accordance with the TSXV requirements, grant to directors, officers, employees and consultants to Walmer, non-transferable options to purchase Walmer Shares, provided that the number of Walmer Shares reserved for issuance will not exceed 10% of the Walmer Shares outstanding from time to time. Such options will be exercisable for a period of up to 5 years from the date of grant unless Walmer becomes a Tier I Issuer, in which case the options can be granted for up to 10 years.

In connection with the foregoing, the number of Walmer Shares reserved for issuance to any individual director or officer will not exceed five percent (5%) of the issued and outstanding Walmer Shares and the number of Walmer Shares reserved for issuance to all consultants will not exceed two percent (2%) of the issued and outstanding Walmer Shares. Options may be exercised no later than 90 days following cessation of the optionee's position with Walmer, provided that if the cessation of office, directorship, or technical consulting arrangement was by reason of death, the option may be exercised within a maximum period of one year after such death, subject to the expiry date of such option.

Any Walmer Shares acquired pursuant to the exercise of options prior to completion of the Qualifying Transaction, must be deposited in escrow and will be subject to escrow until the Final Exchange Bulletin is issued. See "*The Resulting Issuer – Escrowed Securities*".

As at the date of this Filing Statement, Walmer has reserved for issuance 625,000 Walmer Shares under stock options granted to directors, officers and former directors of Walmer as follows:

| Optionee | Number of Walmer Shares Reserved Under Option ⁽¹⁾ | Exercise Price Per Walmer Share | Expiry Date |
|----------------|--|---------------------------------|------------------|
| Jay Richardson | 250,000 | \$0.10 | May 4, 2022 |
| Peter Andrew | 125,000 | \$0.10 | May 4, 2022 |
| Peter Bloch | 125,000 | \$0.10 | May 4, 2022 |
| John Arnold | 125,000 | \$0.10 | December 2, 2021 |
| Total | 625,000 | | |

PRIOR SALES

The following table sets forth the sales of Walmer Shares from treasury since the incorporation of Walmer on June 27, 2011:

| Date | Number of Walmer Shares | Issue Price Per Share | Aggregate Issue Price | Consideration Received |
|-------------------|--------------------------|-----------------------|-----------------------|------------------------|
| June 27, 2011 | 2,000,000 ⁽¹⁾ | \$0.05 | \$100,000 | \$100,000 |
| May 4, 2012 | 3,000,000 ⁽²⁾ | \$0.10 | \$300,000 | \$300,000 |
| December 12, 2016 | 7,110,000 | \$0.05 | \$355,500 | \$355,500 |

Notes:

- (1) On August 7, 2014, 1,000,000 Walmer Shares held in escrow were cancelled.
(2) Issued pursuant to the IPO.

STOCK EXCHANGE PRICE

The Walmer Shares are listed on the NEX board of the TSXV under the symbol "WAL.H". See "*Information Concerning Walmer – General Development of the Business – History*".

The following table sets forth the reported high and low prices and the trading volume for the Walmer Shares for the 12-month period before the date of this Filing Statement, obtained from a public source Walmer considers reliable. The most recent date on which any Walmer Shares traded on the TSXV was January 15, 2014, at which time the last closing price was \$0.045 per Walmer Share. Trading in the Walmer Shares has been halted since April 2, 2014.

| | High (\$) | Low (\$) | Volume |
|--------------------------|------------|------------|------------|
| 2016 | N/A | N/A | Nil |
| January ⁽¹⁾ | N/A | N/A | Nil |
| February ⁽¹⁾ | N/A | N/A | Nil |
| March ⁽¹⁾ | N/A | N/A | Nil |
| April ⁽¹⁾ | N/A | N/A | Nil |
| May ⁽¹⁾ | N/A | N/A | Nil |
| June ⁽¹⁾ | N/A | N/A | Nil |
| July ⁽¹⁾ | N/A | N/A | Nil |
| August ⁽¹⁾ | N/A | N/A | Nil |
| September ⁽¹⁾ | N/A | N/A | Nil |
| October ⁽¹⁾ | N/A | N/A | Nil |
| November ⁽¹⁾ | N/A | N/A | Nil |
| December ⁽¹⁾ | N/A | N/A | Nil |

Note:

- (1) Trading in the Walmer Shares has been halted since April 2, 2014 and has not resumed as at the date of this Filing Statement. The last trading day during which the Walmer Shares traded prior to the date of this Filing Statement was January 15, 2014.

ARM'S LENGTH TRANSACTION

The proposed Transaction is not a Non-Arm's Length Qualifying Transaction for the purposes of the TSXV Policy 2.4.

LEGAL PROCEEDINGS

Walmer is not a party to any legal proceedings nor are any legal proceedings contemplated by Walmer. Management of Walmer is not aware of any legal proceeding contemplated against them.

AUDITORS

The auditor of Walmer is Parker Simone LLP, 129 Lakeshore Road East, Suite 201, Mississauga, Ontario L5G 1E5.

TRANSFER AGENT AND REGISTRAR

Walmer's transfer agent and registrar is Computershare Trust Company of Canada, at its Calgary office located at Suite 2300, 125 – 9th Avenue SW, Calgary, Alberta T2G 0P6.

WALMER MATERIAL CONTRACTS

The only material contracts entered into or to be entered into by Walmer since inception which can reasonably be regarded as material to a shareholder are:

- (a) Escrow agreement among Walmer, Olympia Trust Company and Walmer's escrow holders dated for reference December 12, 2011.
- (b) Transfer Agency and Registrarship Agreement dated December 12, 2011 between Walmer and Olympia Trust Company which provides for share issuance, transfer and escrow services, which subsequently has been assigned by Olympia with Walmer's consent to Computershare Trust Company of Canada.
- (c) Acquisition Agreement. See "*Information Concerning the Assets and Johan Beetz Feldspar Property – Qualifying Transaction*" for further particulars.
- (d) Engagement Agreement dated October 27, 2016. See "*Information Concerning Walmer – General Development of the Business – Concurrent Financing*" for further particulars.
- (e) Subscription Receipt Agreement dated December 9, 2016. "*Information Concerning Walmer – General Development of the Business – Concurrent Financing*" for further particulars.

Copies of the material contracts may be inspected during regular business hours at offices of Garfinkle Biderman LLP at 801 – 1 Adelaide Street East, Toronto, Ontario, M5C 2V9 during normal business hours until the closing of the Qualifying Transaction and for a period of 30 days thereafter.

PART II - INFORMATION CONCERNING THE ASSETS AND JOHAN BEETZ FELDSPAR PROPERTY

Qualifying Transaction

The parties to the Acquisition Agreement are Walmer and the Vendor. The directors and officers of the Vendor are Jack Stoch (director and CEO), Dianne Stoch (director and Executive Vice-President), Ian Atkinson (director), Chris Bryan (director), Johannes H. C. van Hoof (director), and James Wilson (CFO).

The Qualifying Transaction is not a Non-Arm's Length Qualifying Transaction. Pursuant to the provisions of the Acquisition Agreement, Walmer will acquire a 100% interest in the Assets in consideration of a payment of \$100,000 and the issuance of the 2,000,000 Consideration Shares at a deemed price of \$0.05 per Consideration Share for consideration of \$100,000.

Upon completion of the Qualifying Transaction, Walmer will carry on the business of exploring and developing the Johan Beetz Feldspar Property in accordance with the recommendations of the Technical Report.

The principal terms of the Acquisition Agreement are:

- Walmer will acquire the Assets from the Vendor in consideration of a payment of \$100,000 and the issuance of the 2,000,000 Consideration Shares at a deemed price of \$0.05 per Consideration Share for consideration of \$100,000.
- The Vendor is entitled to a gross metal royalty of 2.5%.

The Qualifying Transaction is subject to certain conditions, including obtaining all necessary regulatory approvals (including the approval of the Exchange) and the Exchange being satisfied that, after the completion of the Qualifying Transaction, Walmer will satisfy the Exchange's initial listing requirements for a Tier 2 mining issuer.

Walmer intends to pay, subject to Exchange approval, a finder's fee in the amount of 400,000 common shares of Walmer to the Property Finder, an arm's length party to Walmer, as a finder's fee with respect to the Qualifying Transaction.

Johan Beetz Feldspar Property

The following technical information concerning the Johan Beetz Feldspar Property has been derived and summarized from and is based upon the Technical Report prepared in accordance with NI 43-101 by the Author. As certain portions of the Technical Report are based on assumptions, qualifications, references and procedures, reference is made to the full text of the Technical Report filed by Walmer on SEDAR under its profile at www.sedar.com. Readers are strongly encouraged to review the Technical Report in its entirety. The Author of the Technical Report is an independent Qualified Person under NI 43-101. The Technical Report has an effective date of February 21, 2017.

Property Description and Location

The Johan Beetz feldspar property consists of 4 mining claims registered as follows:

| Claim # | Range | Lot | Hectares | Expiry Date |
|-------------|-------|-----|----------|-------------|
| CDC 2432487 | 5 | 28 | 52.06 | 2017-08-20 |
| CDC 2432488 | 6 | 28 | 29.5 | 2017-08-20 |
| CDC 2461222 | 5 | 29 | 54.9 | 2018-09-05 |
| CDC 2461223 | 6 | 27 | 43.2 | 2018-09-05 |

Claims 2432487 and 2432488 were registered in the name of Globex Mining Enterprises on August 21st 2015. The first renewal requirement for these claims is August 20th, 2017. The claims comprise a portion of the cancelled Mining Concession #434, originally granted to Spar Mica in 1956.

Two additional claims were staked by Globex in 2016. Claim 2461222 is located immediately east of Claim 2432487, covering the eastern portion of Mining Concession #434, and Claim 2461223 is immediately adjacent to Claim 2432488 to the west. The first renewal requirement for these claims is September 5th, 2018.

The claims are located in Ranges 5 and 6, Lots 27, 28 and 29 in Johan Beetz township/Iles et Islets de Mingan 03, Duplessis County, Quebec. The National Topographic System map sheet reference for the property area is NTS 12L/07. The claims are located directly on the north shore (Cote Nord) of the Gulf of St. Lawrence, 2.5 kilometres (km) east of the village of Johan Beetz (pop. 86).

The UTM center of the property is Zone 20 U 516493E / 5571105N and the approximate geographic center is 50° 17' 45" north latitude; 62° 45' 54" west longitude.

The property is subject to bi-annual renewal payments (\$59.67) per claim registered with the Ministry of Energy and Natural Resources (MERN) and bi-annual minimum exploration expenditures (\$780.00 for each of claims 2432488, 2461222, 2461223 and \$325.00, claim 2432487). Current expenditure requirements have been temporarily set at reduced levels by MERN. In 2018 minimum expenditure requirements will increase to \$1,200 and \$500 respectively. Annual renewals and minimum expenditure requirements are subject to prescribed increases as the claims age.

On August 22, 2016 Walmer Capital Corp. entered into an agreement with Globex Mining Enterprises Inc. to acquire a 100% interest in two claims comprising the Johan Beetz Property from Globex for a payment of \$50,000 and 3 million shares of Walmer Capital Corp. As part of the agreement Walmer will undertake a minimum of \$1,000,000 in exploration and evaluation work over two years (\$400,000 in the first year). The agreement also provided for a 2% Gross Metal Royalty (GMR) payable to Globex.

On October 27, 2016, Walmer and Globex amended their agreement for the Johan Beetz property to include 2 additional claims (2461222, 2461223). The purchase terms of the agreement were also amended to adjust the payments to Globex to \$100,000 and 2 million shares. The Gross Metal royalty payable to Globex was also adjusted to 2.5%.

Both agreements describe their Effective Date as being the "date the Final Exchange Bulletin"

There are no royalties or encumbrances registered against the property title or known to exist in other forms with respect to the property with the exception of the 2.5% GMR to Globex.

The claims are for mineral rights only. Surface rights are not granted with these rights.

In general, exploration in Quebec requires acquisition of permits to conduct field activities. Permit applications must detail the activities to be undertaken. Payments of fees for lost timber rights (stumpage) as a result of work can be required.

Aboriginal consultation is now a part of good exploration practice throughout the Province for exploration companies and part of the government's duty to consult with respect to resource development. The claims are within proximity of the village of the aboriginal reserve of Natashquan to the east of Johan Beetz. This community is associated with the Mamuitun Tribal Council. The territory of the reserve is surrounded by that of the Municipality of Natashquan and is accessible by Route 138.

The municipality of Johan Beetz township/Iles et Ilets de Mingan 03 may have requirements for notification and consultation as exploration programs are developed.

The property is the site of a former feldspar quarry and separation plant. Some historic features remain on the site, largely consisting of cement foundations. During the property visit conducted by the Author (Appendix E), certain elements of the former mining operation were investigated. No obvious environmental liabilities were identified during the visit.

No additional risks have been identified at the property which would affect access and exploration of the property.

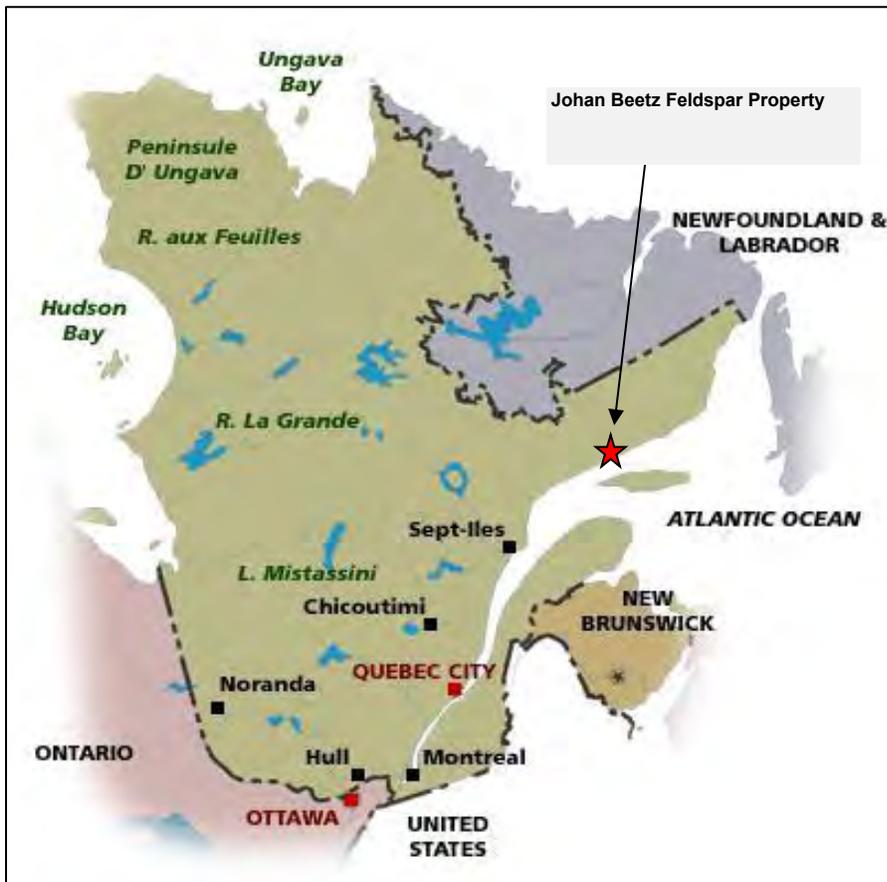


Figure 1: Regional Location Map – Johan Beetz Feldspar Property
(source www.educationcanada.com)

Accessibility, Climate, Local Resources, Infrastructure and Physiography

ACCESS TO THE PROPERTY

Access to the property is by Hwy 138, which connects the town of Johan Beetz to the towns of Havre St. Pierre, 60 km to the west and Sept Iles, 280 km west and to the village of Natashquan, an Innu nation community, approximately 80 km to the east. A tertiary road named Rue du nord (locally known as the ('Sentier du Mica') extends for 3 km north to south from Hwy 138 to the Gulf of Saint Lawrence coastline at the point where the old Spar Mica feldspar mine's wharf is located.

Scheduled air service is available from major centres to Havre St. Pierre, Sept Isles and Natashquan. Ferry service is also available to Havre St. Pierre and Natashquan from Sept Iles between April and January.

Havre St. Pierre (pop. 3,400 in 2011) is the loading port for the Quebec Iron & Titanium's (QIT) Lac Allard open pit mining operation located 40 km north by railroad.

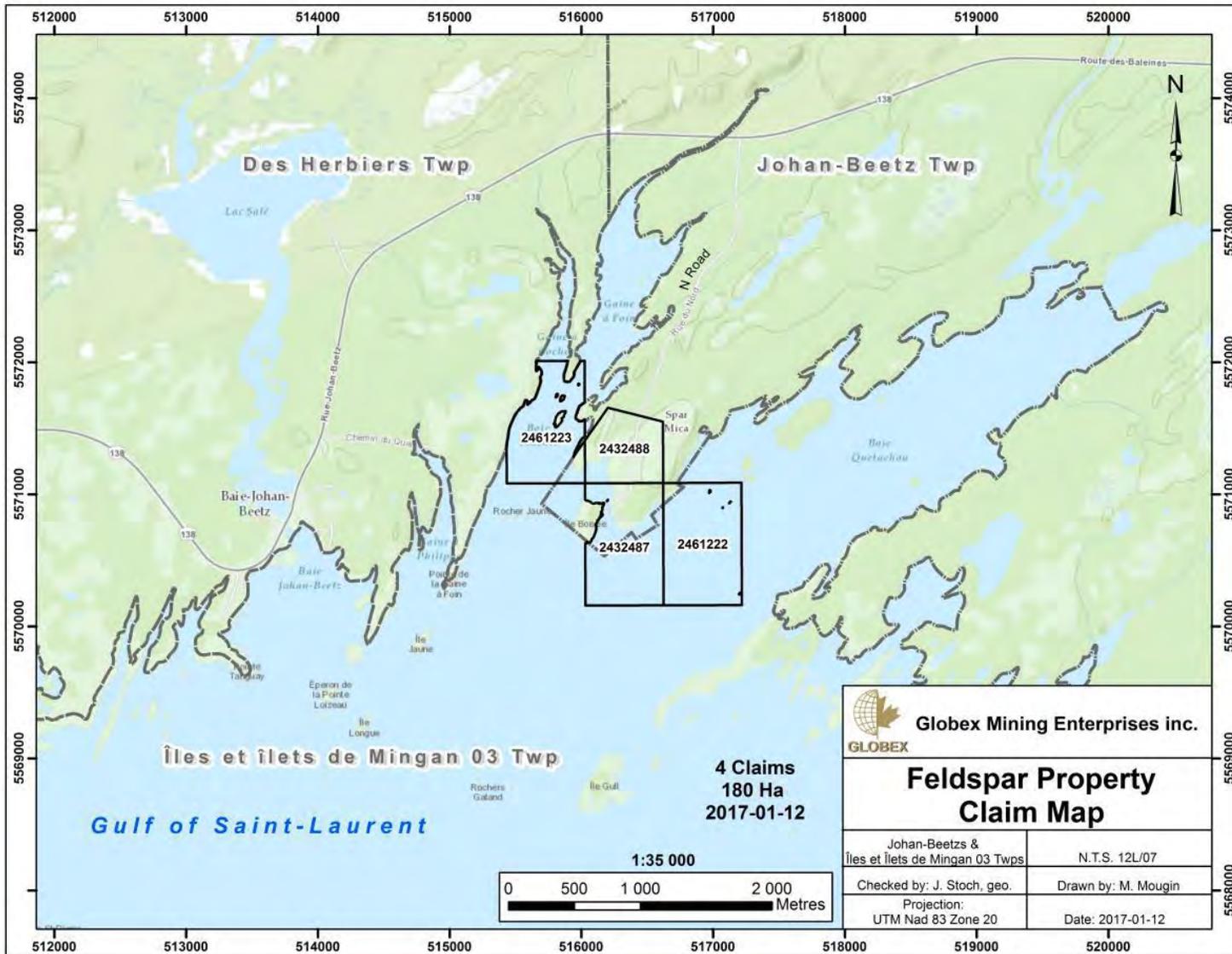


Figure 2: Claim

Map – Johan Beetz Feldspar Property

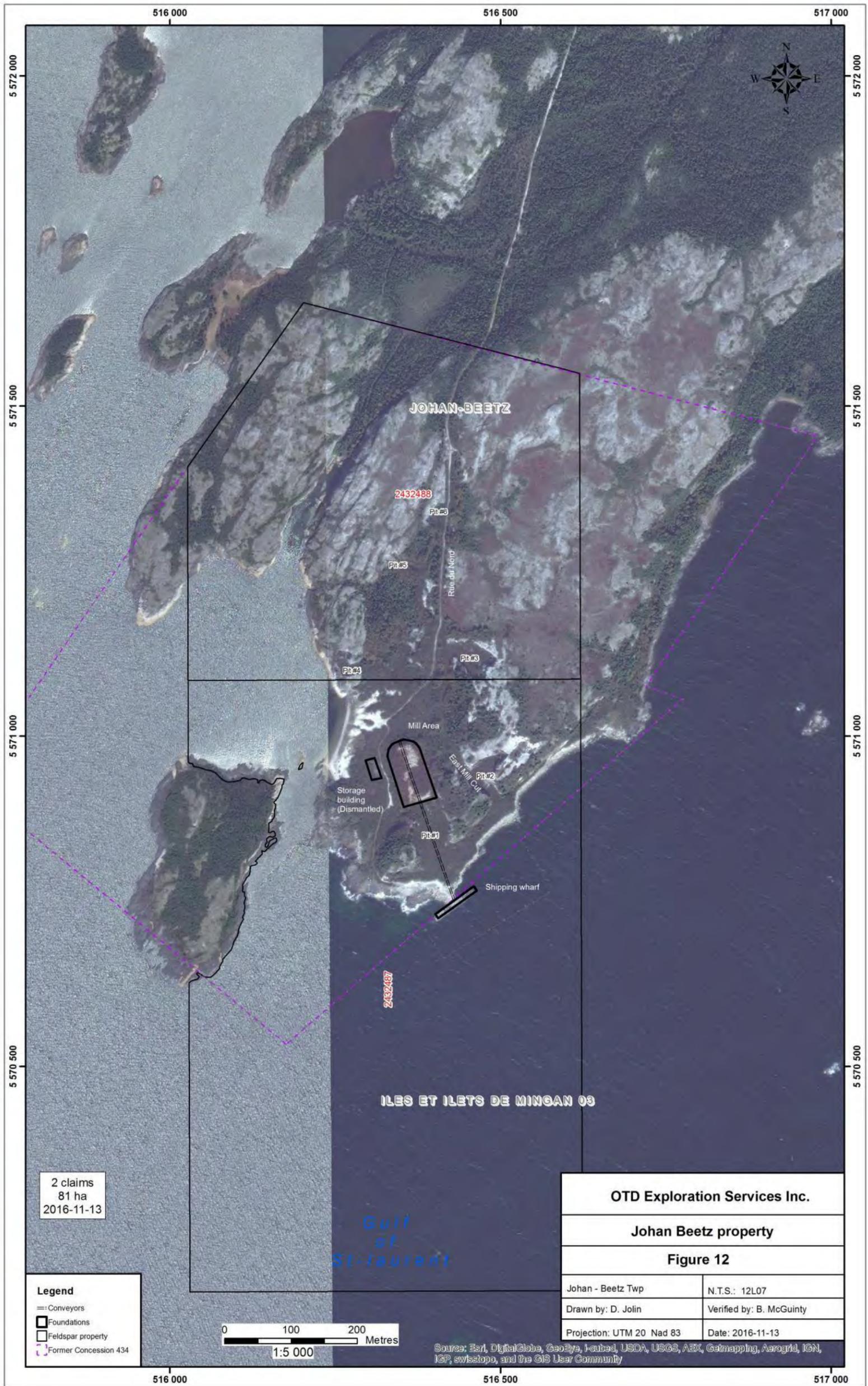


Figure 3: Photo image of Johan Beetz Feldspar Property

CLIMATE

The climate is typical of the north shore of the Gulf of St. Lawrence where winters are generally long, cold and snowy with windy conditions. Proximity to the coast also creates wet summers. Monthly temperature averages range from -15.5 °C in January to 14.6 °C in July. Total precipitation averages approximately 1,057 mm occurring mostly as rain in the spring and summer months, and as snow in the winter seasons.

Physical access to, and exploration of the Johan Beetz property should not be hampered by seasonal conditions as an all-weather regional highway is located only 2 km from the property boundary. The property presents no physical challenges to year round exploration.

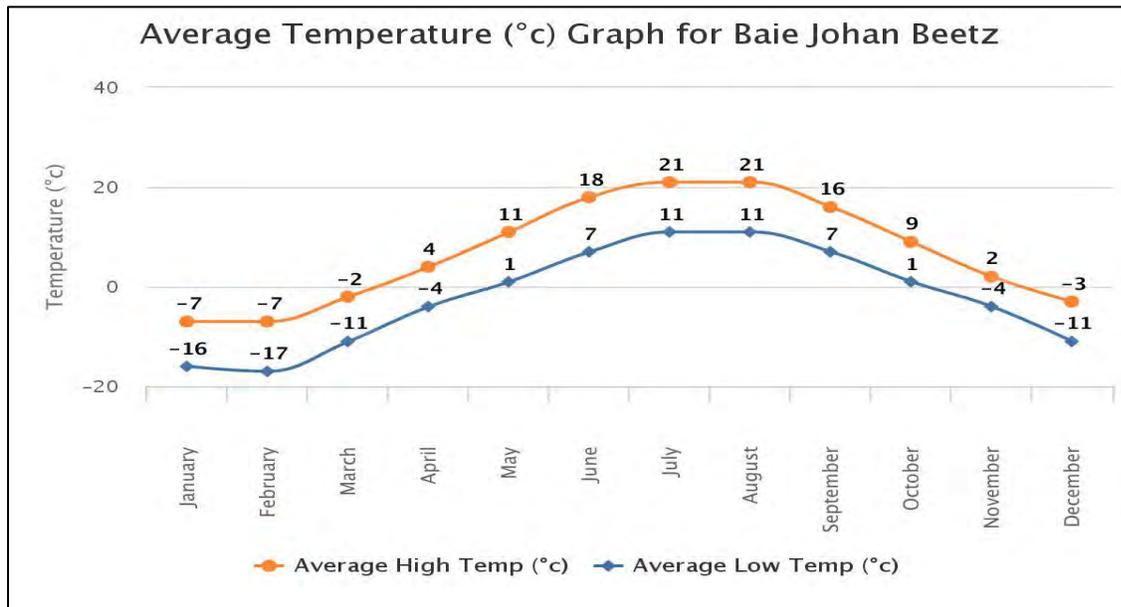


Figure 4: Annual Average Temperature - Baie Johan Beetz, Canada (Ref.: www.worldweatheronline.com)

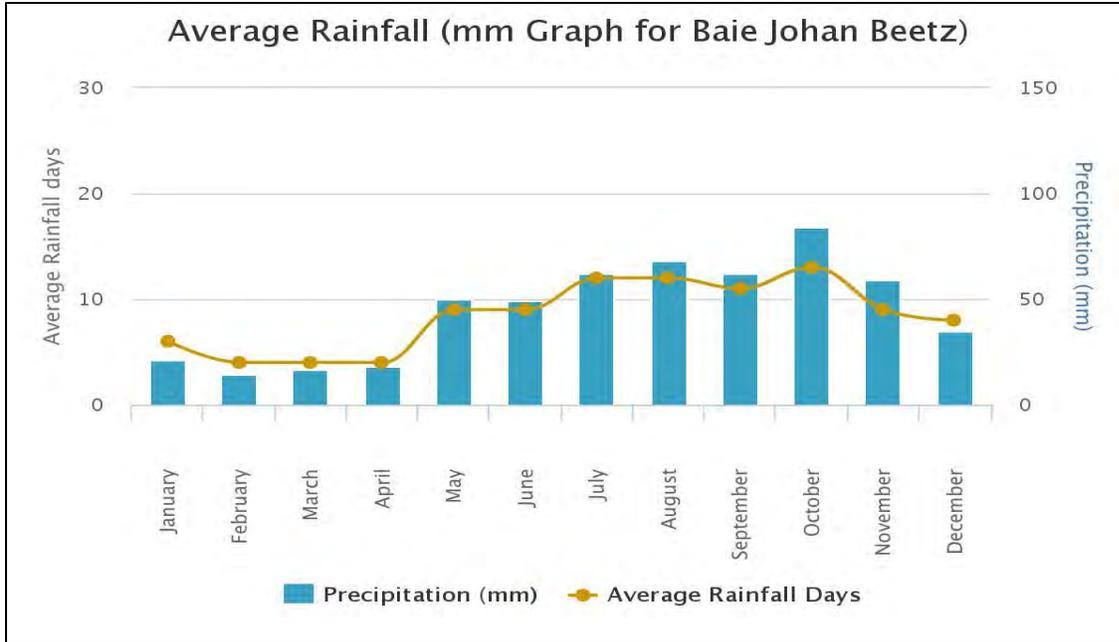


Figure 5: Annual Average Rainfall - Baie Johan Beetz, Canada (Ref.: www.worldweatheronline.com)

INFRASTRUCTURE AND LOCAL RESOURCES

Some infrastructure from a previous mineral operation, Spar Mica Ltd. remains on the Johan Beetz Feldspar property. Spar-Mica Ltd. operated in the 1950's. The concrete pads of the mill, storage and several ancillary buildings remain at the site. A deep water loading wharf remains in place but is in disrepair. These are connected to Hwy 138 by the previously mentioned Rue du Nord.

A power transmission line parallels the north shore of the St. Lawrence from Havre-Saint-Pierre to the village of Natashquan along highway 138. Its closest approach to the property is roughly 4 km from the old Spar Mica plant site.

A suitable workforce and heavy construction equipment could be obtained from Havre-Saint-Pierre or, if needed from Sept-Iles.

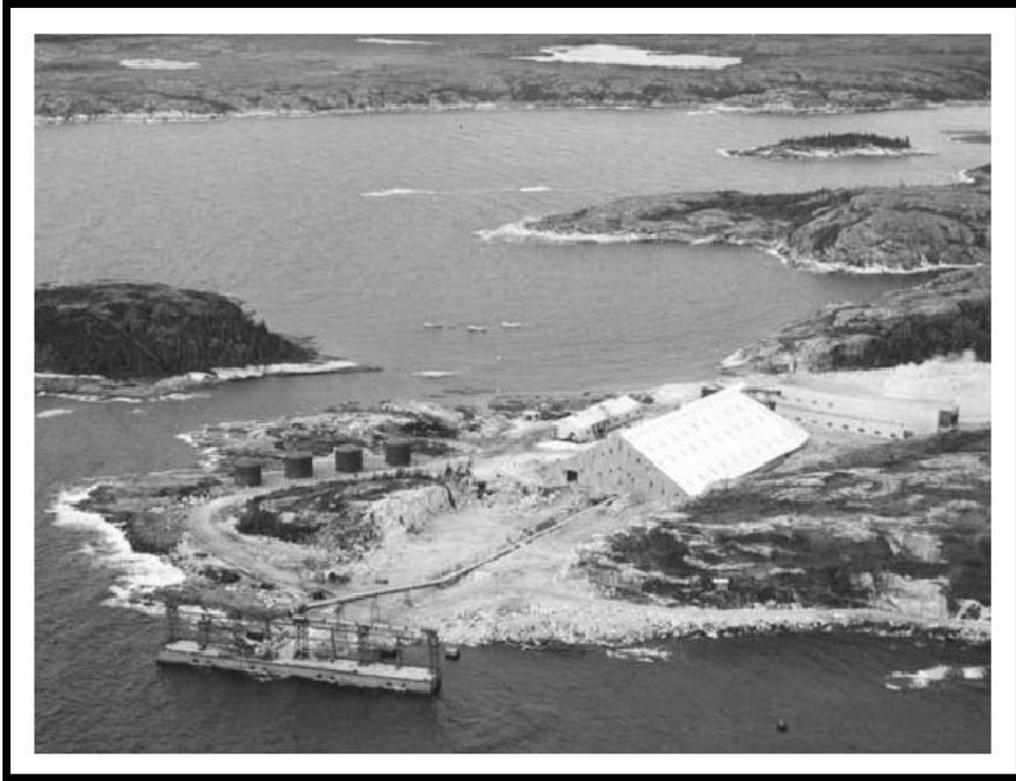


Figure 6: Spar-Mica Ltd. Separation Plant and Storage Facilities at Cape Feldspar in 1956, near Baie-Johan-Beetz. Photo from MRNFP archives and published in Newsletter of the Mineralogical Association of Canada Number 71, December 2003.

PHYSIOGRAPHY

In 1974, Gerald E. Cooper (RG074) described the topography, forestry resources and ecology of the Johan Beetz North Shore region. The topography gradually rises to the North, from sea level to just over 185 m. The highest peaks are underlain by mafic plutonic rocks (gabbro) located to the East side of Lake Piashti. The eastern part of the region offers numerous mountains and valleys while the western part of the area is flatter, resembling a plateau.

The Johan Beetz area landscape is dominated by long, low elevation ridges and valleys largely related to folding and differential weathering of rock units which are exposed or covered with shallow soil cover. The shore extends into the Gulf of St. Lawrence in long fingers of rock or strings of rocky islands trending along the strike of the resistant rock units. Shorelines in the area are generally rocky with numerous cliff bounded long narrow inlets, forming steep rock faces at water's edge or narrow rocky beaches.

To the southwest and north of Johan Beetz along the North Shore, lower lying areas that intersect shorelines can develop beach strands composed mainly of sands that can extend for several kms. Inland from the beaches these low-lying areas are generally filled with sediment and covered by swampy lakes and bogs. These swampy areas and some small lakes tend to be oriented along the trend of the underlying bedrock.

At the Johan Beetz Feldspar property the claims are partially covered by black spruce forest in lower lying areas and on the flanks of pegmatite ridges. The forest was extensively burned in a forest fire several years ago.

Elevation throughout the property is less than 100 m above sea level.

FLORA AND FAUNA

The Johan Beetz area is located within the Boreal forest landscape of Canada. It is part of the Continuous Boreal Forest Subzone, specifically the Spruce-Moss domain. This zone is dominated by black spruce with moss-over-soil cover and shallow lakes and peat bogs which forms a 300 km wide strip between the 49th and 52nd latitudes, from Abitibi in the west to Labrador in the east. The climate is generally humid. Rare fire events are the primary pathway for ecological disturbance and regeneration and black spruce, birch and jack pine are well adapted to this regime. Fireweed, Labrador tea, blueberry and other wild fruits are common.

The main tree species of the region are black spruce, pine and aspen. White birch is rare. Forest is best developed in valleys and on the shore of lakes and rivers. The high hills are steep with poor soil cover supporting only stunted spruce and peat. The very poor vegetation is affected by strong winds from the Gulf of St. Lawrence. Poor soil covers only small areas.

The economy of the North Shore includes significant business supported by natural resources such as sport fishing, hunting and eco-tourism. The region supports sport fishing for several trout species, Atlantic salmon, northern pike and arctic char. The St. Lawrence River has also supported the cod fishery although stocks have depleted significantly over recent decades. Fishing is a main source of subsistence for residents of Johan Beetz. Trout and salmon are plentiful in the nearby Watshishou and Corneille rivers.

The North Shore is also rich in crustaceans and molluscs. The northern shrimp and snow crab are certainly the best known crustaceans on the North Shore. Edible molluscs in the area include clams, scallops, mussels, whelks and razor clams.

Large marine mammals are also found in the region. Some are relatively common such as grey, harbour and harp seal, beluga and minke whale. Of some 80 species of cetaceans in the world, 13 can or could at one time be found the waters of the St. Lawrence River. There is a population of seals living on the east islands of Pontbriand, Bay 18 km east of Johan Beetz.

There are few moose, deer or caribou along the coast where the Property is located likely as a result of poor forage and natural cover. Several wild duck colonies live nearby along the coast.

COMMUNITY

The two nearest communities to the Johan Beetz Feldspar property are Johan Beetz (5 km W) and Natashquan (80 km E).

The village of the aboriginal reserve of Natashquan (also Nutashkuan) is located on the shore of the Gulf of St. Lawrence, situated 380 km to the east of Sept-Iles. The territory of the reserve is surrounded by that of the Municipality of Natashquan and is accessible by Route 138. This community is associated with the Mamuitun Tribal Council for the comprehensive territorial negotiations with the governments of Québec and Canada. According to the Québec Secrétariat aux affaires autochtones in 2007, the community numbered 932 people (including 58 outside the reserve).

Seventy-four percent (74%) of the region's aboriginal population is under 35 years of age. The main economic activities are associated with outfitting, commercial fisheries and construction.

The village of Baie Johan Beetz was renamed in 1965 in honour of a Canadian naturalist of Belgian origin who settled in this small coastal town in 1897. The nearby bay on the St. Lawrence also bears his name. Today the community principally caters to the tourism sector, including travel and sport fishing.

History

Industrial scale and quality feldspar has been known to occur in pegmatites in the Baie Johan Beetz area for a century. In the 1950's Spar-Mica Ltd. spent several million dollars on a new and innovative electromagnetic separation plant at Baie Johan Beetz. However, the plant was shut down in 1959 after only three years of operation, reportedly due to contamination of the concentrate and technical issues.

Stuart Lee (1990) reported that a total of 25,000 tons of feldspar-quartz concentrate was produced and shipped from the Spar Mica operation but that a total of 150,000 tons was mined from 6 quarries on the property. For the purposes of this report the pits (or quarries) are identified by the nomenclature used by Canspar Resources in 1993.

Several mineral resources or reserves have been quoted in literature related to the property. These resources were estimated prior to the application of National Instrument 43-101 – Standards of Disclosure for Mineral Projects and are to be considered historic in nature. They should not be relied upon as these estimates have not been prepared by a Qualified Person under the Instrument.

A summary of existing references to historic exploration and activity at the Property is presented in Table 1.

Table 1: Compilation of Historical Work Completed in the Johan Beetz Area

| Year | Reference & Company | Work Done | Summary |
|---|---|--|---|
| Feldspar Exploration and Development | | | |
| 1918 | GM-00897 - British Magnesite Corporation | Report on the Feldspar Industry | The Manikuanan Bay Feldspar described as having a good potential for production |
| 1952 | GM-01734 - Amalgamated Mines and Minerals Corporation | Report on the Thelma Bay Feldspar Deposit | 3,038 tons extracted with a value of \$17,000 |
| 1952 | GM-01896 - Amalgamated Mines and Minerals Corporation | Prospectus style Report | Working capital estimate required for operations |
| 1952 | GM-01898 - Thelma Bay Feldspar Corporation | General Information Report | Describes 15 M tons of high grade Feldspar and 100 M tons of feldspar and quartz |
| 1952 | GM-09086 - Thelma Bay Feldspar Corporation | General Information Report | Describes 15 M tons of high grade pottery feldspar and 100 M tons of material for manufacture of fertilizer |
| 1954 | GM-03256A - Spar-Mica Corporation | Geological Report and Map | Indicates between 8 and 12 million tons of feldspar can be extracted from the pegmatite in the area mapped |
| 1955 | GM-03256B - Spar - Mica Corporation | Diamond drilling 25 vertical holes | Assays not available |
| 1956 | GM-04329 - Spar - Mica Corporation | Technical Report | <u>Ore Reserves:</u> (Gross) <u>Indicated</u> by diamond drilling: 8,547,334 Tons <u>Probable Ore:</u> 20,245,005 Tons <u>Possible Ore:</u> 4,607,000 Tons |
| 1957 | GM-09829 - Spar - Mica Corporation | (Resource) Memo | Proven Ore Reserves: 5,000,000 tons |
| 1959 | GM-09971 - Spar - Mica Corporation | Surface Plans and drill sections Holes 59-1 to 59-38, 8A, 22A | Best assay 6.95% K ₂ O over 6 ft in hole 59-21 |

| | | | |
|------|-------------------------------------|--|---|
| 1983 | GM-44313 - Minaco Equipment Limited | Preliminary Market Survey | Significant resource and may well be one of the largest deposits known in the Western world |
| 1990 | GM-49460 - Canspar Resources | Flotation Tests On a Sample of Feldspar Ore & Recovery of Muscovite Mica | Good separation efficiency and product quality |
| 1991 | GM-51826 - Ressources Canspar | Diamond Drilling Hole 91-1 to 91-15 | |
| 1993 | GM-52321 - Ressources Canspar | "Rapport des résultats d'analyse d'échantillons composites des trous de sondage 91 - 01 à 91 - 15" | |
| 1994 | GM-52908 - Ressources Canspar | Processing of Crude Feldspar Ore From Existing Quarries and Diamond Drilling | Based on the results, recommend to do more detailed work on magnetic separation of individual core sample |
| 1996 | GM-54453 - Canspar Resources | Test Report "Magnetic Cleaning of Feldspar" | Magnetics were removed from each sample |

Before 1950 Mr. S. C. E. Melkman provided a promotional outlook on the global feldspar industry and the possible insertion of production from the "Manikuagan Bay Mines" (later Spar Mica) by British Magnesite Corporation. Mr. Melkman was general manager of the company. The document provided possible market profile for the feldspar at the site but no technical information. Mr. Melkman indicated the property was approximately 150 acres and had "...millions of tons of the highest grade feldspar exposed right at surface...". He further describes the future project as "quarrying operations carried on within one hundred feet of tide water, and this in spar bodies from one hundred to two hundred feet in width; each feldspar-dyke having been opened by over a length of one mile."

Melkman predicted a mine with docks and an aerial tramway producing 300 tons of feldspar daily.

Melkman promoted the mine again in 1951 and 1952 under the name Thelma Bay Feldspar while raising money for Amalgamated Mines and Minerals Corporation. During that period Melkman reports that "development work exposed at least 15 tons of high grade feldspar and 100 million tons of Feldspar and Quartz mixed which will be separated into clean Feldspar."

The promotional nature of the eventual success of the project led the registrar of the Securities Act (Quebec) to take Mr. Melkman and Amalgamated Mines and Minerals to task for his reports in 1952. In addition to terse words for Mr. Melkman, the registrar's comments also contain a reference to historic production from the property, citing feldspar shipments by the St. Lawrence Feldspar Company totalling 3,038 tons valued at \$17,000 were made in 1923 and 1924.

In 1952, Mr. Melkman tried again to promote the property, linking the proposed Amalgamated Mines and Minerals operation to Thelma Bay Feldspar Corporation, a company which would market the feldspar products. There is no further information found by the author to suggest the arrangement was completed.

In 1957, a memo to Dr. D.T. Denis describing the assets of Spar Mica Corporation Ltd. identifies the Johan Beetz property as being owned by this company, probably as early as 1953. The memo notes 2,600 acres of property including 189 acres in mining concession No. 434 (granted in Sept. 1956). The report describes start-up of operations in 1955 including leveling of the mill site, mill and wharf construction and preliminary mining. A large shed was constructed to store mineral processed in winter for the coming shipping season. The memo reports mill start-up in 1957 at a rate of 100 ton per hour using crushing (16 mesh) and drying followed by electromagnetic and electrostatic separation.

In 1954, exploration work is reported from the eventual miner of the Johan Beetz property, Spar Mica Corporation. The report, written by Edgar Hobby Jr. describes site evaluation for docking facilities

and extraction of a bulk sample of 1,000 lbs. of feldspar material. Hobby describes an assumed mineral inventory of eight to twelve million tons of feldspar in pegmatite ridge exposures he calculated volumetrically to contain 19,400,000 tons. He based inventory on an estimated 40% to 60% feldspar content.

The report includes results of process testing of 600 lbs of Hobby's sample and chemical analysis of 5 (hand?) samples both reported by J. G. Gemmell of Spar Mica. These samples were taken in widely distributed areas of the Mining Concession. Samples 4 and 5 are located on the ridge where pits #s 4, 5 and 6 would later be excavated (see Figure 3).

The 5 samples taken by Gemmell reported ranges of 8.19% to 12.05% potassium as K_2O ; 3.84% to 6.01% sodium as Na_2O and 0.034% to 0.417% iron as Fe_2O_3

In 1955, J. G. Gemmell supervised the drilling of 25 vertical drill holes totalling 1,578 feet at the Spar Mica site. These holes targeted short term development of feldspar ore and explored longer range resources for the Spar Mica Plant. An historic map of the drill hole locations shows holes (55-) 1 through (55-) 6 and (55-) 17 through (55-) 21 to be located in areas subsequently developed as quarries and open cuts now seen on the property to the south and east of the historic mill facility location. The logs provide a description of lithology and an estimate of 'spar' content. Holes (55-) 23 to (55-) 25 do not appear on the map accompanying the drill logs, however they appear on a later map for Spar Mica by Mr. L. Germain (1956), located on the river shoreline the site of the mine camp.

In 1956 Mr. L. Germain provided an independent technical report for the Spar Mica Corporation property defining ores in three categories but acknowledging that no proven reserves were defined. He describes 'ores' that were; a) Indicated by diamond drilling (1955 drill holes); b) Probable in light of physical dimensions of outcrops mapped and; c) Possible located in unmapped areas of the property assumed to have geological extension of pegmatites. These ores were confined to the area of 8 claims determined by Spar Mica to be required for the application for a mining concession (eventually CM 434). Germain used information from work done in 1954 and 1955 provided by Spar Mica (E. Hobby, C. Authier and J. G. Gemmell) to support his report.

In his report Germain qualifies the mineral reserves he calculates as being based on the assumptions that they can be bulk mined with no physical selection such as hand cobbing (separation); can be liberated cheaply from quartz and ferromagnesian minerals (mica?) and; can be marketed as a mixed Na/K feldspar product. He provides information that Spar Mica planned differential crushing and high intensity magnetic separation.

The report provides a feldspar grade and certain other mineral characteristics for the area tested by the 1955 drilling. The report uses chemical analyses (major oxide ratios and mineral recalculation) from holes (55-) 7 to (55-) 22 to generate the following composition. These holes are all located on the east-north-easterly trending ridge located immediately east of the mill location.

| <u>Component</u> | <u>Composition %</u> |
|----------------------------------|----------------------|
| Potash (K) feldspar | 28.87 |
| Soda (Na) feldspar | 25.34 |
| Lime (Ca) feldspar | 5.57 |
| Micas | 5.21 |
| Free quartz | 34.24 |
| Other (tourmaline, garnet, etc.) | 0.71 |

This mineral calculation mathematically corrected the K₂O of the major oxide analysis to apportion part to the micas present and the balance to K feldspar. The average K₂O ascribed to the micas is 0.61% out of the averaged total of 5.49% K₂O. The remaining 4.88% K₂O is recalculated to 28.87% feldspar mineral in the pegmatite.

A total 'reserve' of 33.4 million tons containing 16 million tons of 'commercial spar' was calculated by Germain using all calculated feldspars.

In 1959, Spar Mica provided information (Mowat) related to 41 inclined drill holes (59-1 to 59-38, 59-8a, 22a and 59-27a). All these holes are located on a prominent ridge extending north-east from the Spar Mica mill area. No report or drill logs are available for the program, however a series of drill sections on 50 foot spacings present an interpretation of ore, possible ore, non-ore (soda mica) and schist, interpreted from geology and major oxide chemistry. The sections place a base limit to the ore at 30 feet above sea-level where working quarry floors had already been established. Sections 100E, 150E, 200E and 250E report depths and chemical analysis data for holes 59-4 to 59-11, 59-14 to 22, 8a and 22a. All holes have been drilled to a hole depth of 50 to 60 feet.

Sections 050E (holes 59-1 to 59-3), 300E (59-23 to 59-27 and 27a) 350E (59-29 to 59-33) and 400E (59-34 to 59-38) are presented in plan but without geological section or analyses. Mowat identifies these as proposed on his drill plan. Some of the 1959 holes have been located in bedrock exposures on the ridge east of the East Mill Cut during the OTD site visit.

In 1960, Minaco Equipment Limited acquired the Johan Beetz Feldspar property from the bankruptcy receiver for Spar Mica.

In 1983 a marketing report (#90022) by I.M.D. Laboratories prepared for Minaco Equipment Limited. The report provides a good summary of the property and the metallurgical processes used. The report also describes feldspar markets at the time in some detail and suggests a suite of studies to improve the quality of mineral resources as well as operational and transport options.

In 1990, Stuart Lee provided a report to Canspar Resources Inc. (also called Ressources Canspar Inc. in later reports) ('Canspar') which introduces a new metallurgical study by I.M.D. Laboratories (#90221-1). The I.M.D. report describes flotation tests on potassium feldspar pegmatite samples taken from Pit No. 5 (see figure 3) located north of the mill site. The most important result of Lee's property visit according to the report was the recognition of the existence of an approximately five hundred foot wide zone of predominantly potassic feldspar pegmatite adjacent to Pit No. 5 and not the focus of the majority of product mined at the property. The I.M.D. study was done from "character samples" taken from this zone (samples 2522, 2523, 2524, 2525 and 2520).

In 1991, Canspar completed 15 inclined drill holes totalling 813 m. The holes were logged by Christian Derosiers and included in a larger 1993 study by Eric Hurtubise for Canspar. The holes are situated within and north and west the area of Spar Mica 1959 era drilling and north of the Spar Mica quarrying operations, extending further so as to cover more of Mining Concession 434. The 1991 drilling included a large area of the northern ridge from which selected samples were obtained for the previous I.M.D. study 90221-1. Other than the quarry faces, there is no evidence of historic sampling by Spar Mica in this part of the property except for Gemmell's samples. Holes were generally drilled to a depth approximating sea level.

All core intersecting pegmatite feldspar units was sampled and assigned sample numbers according to the logs. Hurtubise reports 175 samples were taken. These samples were subsequently combined to create 48 composite samples, 2 to 5 composites per drill hole. Unfortunately documents obtained for the property do not specifically describe which samples in each hole were composited. The composites were named by drill hole and by letter representing increased depth (91-) 1A, 1B, 1C, etc. 47 of these composites were then tested by whole rock analysis. The following results were obtained;

Table 2: Summary of Whole Rock Analysis Major Oxides from Composites, Hurtubise 1993

| | SiO ₂ | Al ₂ O ₃ | Fe ₂ O ₃ | Na ₂ O | K ₂ O | CaO | MgO | TiO ₂ | MnO | LOI |
|----------------|------------------|--------------------------------|--------------------------------|-------------------|------------------|------|------|------------------|--------|------|
| Average | 74.85 | 14.36 | 0.80 | 3.40 | 4.83 | 0.83 | 0.19 | 0.11 | 0.02 | 0.63 |
| Hi | 73.30 | 13.20 | 0.10 | 2.65 | 2.91 | 0.55 | 0.11 | 0.06 | < 0.01 | 0.35 |
| Low | 76.00 | 15.10 | 1.36 | 4.41 | 5.33 | 2.02 | 0.31 | 0.20 | 0.04 | 1.43 |

Selected geochemical analyses from sampling by Spar Mica and Canspar are presented in Appendix III.

Also during this period numerous surface rock trenches were blasted on the ridge located NW of the mine and mill. Hurtubise indicates this trench material was not analysed. Trenches A through K were located in relation to available maps during the field visit for this Technical Report, as was Canspar drill hole 91-08.

In 1994, Canspar commissioned I.M.D. to conduct further testing of pegmatite feldspar ore from the Johan Beetz property. The work is detailed in I.M.D. report 90301-1. Stuart Lee instructed 2 drill core composites to be developed; one from holes (91-) 4 to 7 and the other from holes (91-) 11 to 15; representing two SE trending sections located approximately 170 m apart traversing the northern portion of Mining Lease #434 segment. Two large samples were taken from quarries #2 and #3, two of the main feed sources for the Spar Mica operation. The samples were processed in a series of flotation and magnetic separation tests. The report also mentions samples obtained from trenches excavated by Canspar had been submitted but no results are presented.

The last recorded work on the Johan Beetz property is a magnetic separation study completed by ErieZ of Pennsylvania in 1996. The tests were performed on two samples from Quarries #2 and #3. No preparation or sample sizes are mentioned.

Exploration in the Johan Beetz region outside of the Spar Mica / Canspar Mining Concession has principally focused on the uranium potential of the Lac Turgeon Intrusive Complex. Phases of exploration occurred from the late 1960s to the late 2000s. Exploration is keyed to the cycle of uranium pricing. In the 1970s the large scale search was mainly led by large energy companies using the recently developed Rossing Mine in Namibia as a geological model. Later exploration was undertaken by junior explorers whose work in the pegmatite fields of the LTIC in the 1980s took historic exploration data and applied it to the search for rare earth elements located within the same pegmatite formations. Once again in the 2000's a surging uranium price drove renewed exploration. Most resources identified were of low grade.

In April 2013, the government of Quebec announced a moratorium on uranium exploration and development, followed by a recommendation to ban mining in November 2015 after public consultation. At this time no ban has been enacted and the moratorium remains in place.

The closest reported uranium exploration work extended from the northern limit of CLM 434 north-easterly along the dominant pegmatite ridge 1.5 km north of the property. The area received

radiometric surveying, trenching and diamond drilling. Assay results available report a range of trace to 300 ppm U.

A list of uranium exploration references for the Johan Beetz area available through the MERN SIGEOM data portal is included in Appendix IV

To the knowledge of the author no sampling for minerals other than for the evaluation of feldspars has been completed on the Johan Beetz property.

In 2013 Mining concession #434 was cancelled and the lands opened for staking.

GEOLOGICAL SETTINGS AND MINERALIZATION

REGIONAL GEOLOGY

Regional geology for the Johan Beetz area (Figure 7) is compiled from references obtained using the SIGEOM (Système d'information géominère du Québec) online application and other sources.

The Johan Beetz Feldspar property is located in the Eastern part of the Grenville Province at the south end of the Wakeham Supergroup. In Canada, the Grenville province extends from Lake Superior northeastwards for more than 2000 km along the North Shore of the St. Lawrence River to the coast of Labrador. It has long been considered an uraniumiferous geological province with several uranium showings and former producing deposits. In addition to base metals, it is also host to a wide range of specialty metals including iron, zinc, graphite and rare earths as well as high grade industrial minerals including lithium, mica, apatite, calcium carbonate and feldspar. Locally, the Wakeham Supergroup, includes the basal Aguanus Group, which is discordantly overlain by the Davy Group sedimentary rocks. The bottom of the Davy Group is varied in lithology, including sericite schists, quartz sandstones, black shales, conglomerates and some felsic volcanic rocks. The upper part of the Davy Group mainly consists of quartz sandstone and sandstone. These rocks are all underlain by gneiss bedrock of Middle Proterozoic Age.

The geology of the area between Baie-Johan-Beetz and Aguanish, located 50 km to the east, has been studied by Cooper (1957), Blais (1956) and Kish (1993). Avramtchev (1983) has also compiled the geology of the Côte-Nord area to a scale of 1:250,000. The region is composed of two distinct geological provinces; the western portion is underlain by the Wakeham terrane and the eastern portion by an older gneiss complex (figure 7). These two terranes are separated by the Caron Lake deformation zone, which trends eastward near Johan Beetz then continues northward for a distance of at least 100 km. The two geological provinces show a very characteristic dome and basin pattern related to regional folding on aeromagnetic maps (maps 5128 G - Bay Pashashibou and 5129 G - Baie-Johan-Beetz, 1:63,360; map 7360 G - Havre-St-Pierre, 1:1,000,000).

The age of the volcanic rocks is 1271 MA (Loveridge, 1986) and a local quartz monzonite pluton has been dated to 1322 MA (Martignole et al., 1987).

Gabbro sills are hosted in the Aguanus and Davy Groups. Several late sub-circular plutons of post-tectonic biotite granite and quartz monzonite (one is dated at 993 my) intrude the Wakeham supergroup strata.

The lower part of the Aguanus Group is composed of arkoses, quartz sandstone, calcareous sandstone, feldspathic sandstone and rare intercalations of pelites and basalts (Martignole et al., 1992;

Sharma, 1973). A great thickness of rhyolites and porphyry rhyodacites and some units of basalt overlie the sandstones. The volcanics are injected by intrusive granitic rocks and monzonitic and monzo-dioritic rocks. Study of trace elements shows that felsic volcanic rocks have a similar composition to the volcanic anorogenic peralkaline rocks (Bourne, 1986).

The Wakeham supergroup is sourced from bedrock erosion in a continental rifting zone. The Aguanus Group was the source of a part of detritus in the rocks of the Davy Group. The sedimentation environment was probably associated to a high fluvial-deltaic energy.

The gneiss complex underlying the Wakeham Terrane was affected by Grenvillian and older deformations. However, the deformation in the Wakeham is attributed exclusively to the Grenvillian orogenic cycle (about 1.16 - 0.97 Ga, Rivers and al, 1989). The Aguanus Group, at the bottom, has undergone two phases of deformation while the younger group of Davy rocks has been affected by a single phase. The large Caron Lake Deformation Zone on along the east limit of the territory includes rocks of the Davy Group (Gobeil and Clark, 1992). In the Wakeham terrane, greenschist-facies metamorphism is dominant, with the exception of a southern portion where amphibolite-facies is present.

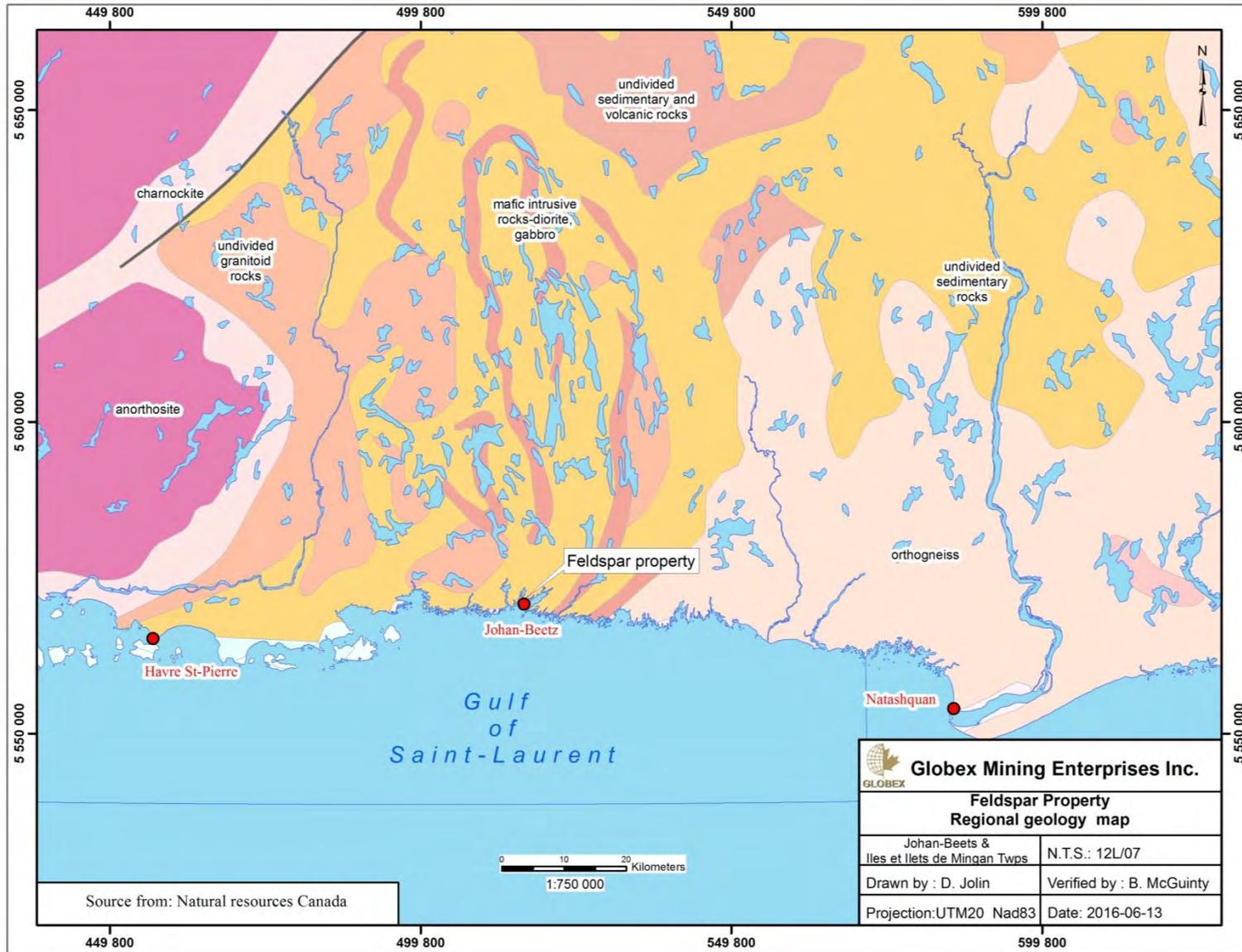


Figure 7: Regional Geology of North Shore near Johan Beetz, QC.

LOCAL GEOLOGY AND MINERALOGY

On the Johan Beetz Feldspar Property, the pegmatites corresponding to the Spar Mica deposit are related to the metamorphosed Lac Turgeon Intrusive Complex (LTIC) within the Wakeham terrane. The property is almost exclusively covered by a pegmatite assemblage intercalated with strongly foliated amphibolite, probably metamorphosed pelitic sediments. The pegmatite dykes show massive and coarse grained textures with feldspar (fsp), quartz (qtz) and both white and dark micas (muscovite and biotite) generally present. Locally, sub cm grain size units of fsp-qtz-mica can be seen. Variable white-beige-pink color in the pegmatites depends on the local sodium and/or potassium feldspar composition. Garnet is seen locally replacing biotite and small 5 – 10 cm sized radial tourmaline clusters are also observed.

The pegmatites are expressed as tall whale-back ridges with other more mafic metamorphic rocks found on the edges of the ridges and in valleys. On the western side of the property near trenches #4, #5 and #6 the pegmatites strike in a northerly (020°) direction while on the eastern side, the apparent strike is north-easterly (040° - 060°). Apparent dips observed on contacts between schistose rock (as rafts and on major contacts) are sub-vertical. Micaceous quartzite, dark grey quartzite, mafic schist, quartz-biotite gneiss and biotite schist can be seen as small metre sized to multi metre sized interlayers within the pegmatites where mining has occurred as well as in larger areas between pegmatites. Mafic and pegmatite members are also cut by several gabbro sills.

Germain's report credits Hobby for the geological mapping of the property which he summarizes in his 1956 report:

"Roughly ninety percent (90%) of the land area of the eight claims forming the object of the present report (note: the eight claims of the application for future Mining Concession #434) is underlain by pegmatites, the balance being quartzites of varying compositions. Consequently, the geology of the property is really confined to a description of the pegmatites.

The geology of those eight claims was determined in considerable detail by E. Hobby Jr. and C. Authier during the summer and fall of 1954 when all outcrops and other surface features were mapped and rocks classified. A glance at Map No. 1 (Germain report) attached hereto will show that outcrops are numerous and of fair size. Therefore, to the extent that rocks have been correctly classified, it is reasonable to assume that the extent of the pegmatite development on these claims has been correctly determined. This is considered of much importance for the working out of reliable estimates of ore reserves.

The pegmatites are apparently one solid mass as it was found to be continuous on east-west traverses and also throughout the length of diamond drill holes (1955) which were put down to within ten feet of sea level.

The exposed surface is in the form of large rolls and keels cut by many cooling fissures (jointing?) at right angle to the strike. Numerous contacts with the country rock are present showing an average dip of 50 to 60 degrees and strike of $N40^{\circ}E$. The contacts on the east side of the pegmatites may be part of the wall rock or they may be part of a large keep extending under the east arm of Quetachou Bay and appearing again in a red feldspar ridge forming the east shore of the bay."

Germain further reports;

“The pegmatites are composed of fine grained graphic granite, lenses of perthitic feldspar, quartz pods and stringers, muscovite and biotite mica, garnet and tourmaline. The graphic granite is unusually uniform both in grain size and areal extent. It is composed of a white perthite with microcline and a crystal-clear to milky quartz predominating. The crystal quartz appears to predominate but this may be due to the difficulties of recognizing the milky quartz with the white feldspar. The grain size of the quartz is from 1/64th to 1/8th inch in cross section. The graphic granite is found in all parts of the pegmatites and comprises 65%, by volume, of the mass.”

The shallow 50°-60° dips referred to by Germain are not supported by cross sections produced by Mowat for mine planning purposes in 1960, using the same drill holes. His interpretation generally arrays lithological contacts with sub-vertical dips.

No significant cross-cutting structures are seen in the pegmatite field. Valleys extending parallel to the main pegmatite ridges may contain N to ENE trending faults but most topographic effects are interpreted to be related fold pattern and differential weathering giving prominence of pegmatite relative to mafic schists and metasediments seen on ridge flanks and along the property shoreline.

Smaller shear offsets are seen in mafic metamorphic and metasedimentary rocks on the property. Color and the coarse grain size of much of the pegmatite make identification of similar shears in these difficult.

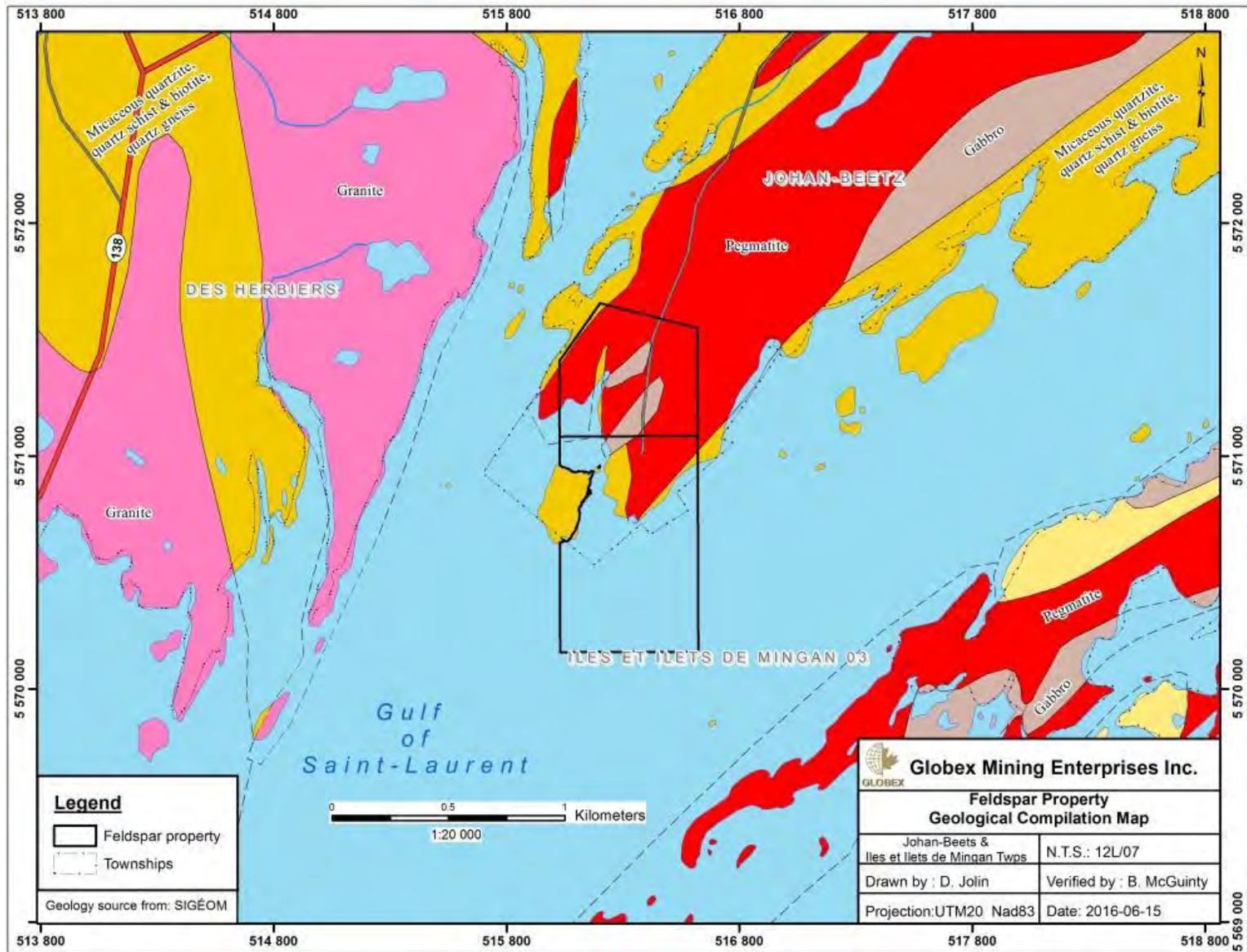


Figure 8: Johan Beetz Feldspar Property - Local Geology



Whale back ridge of pegmatite north of Canspar pit #6



Hanging raft of mafic schist in pegmatite – West wall of East Mill Cut (Canspar pit #2) (looking west)



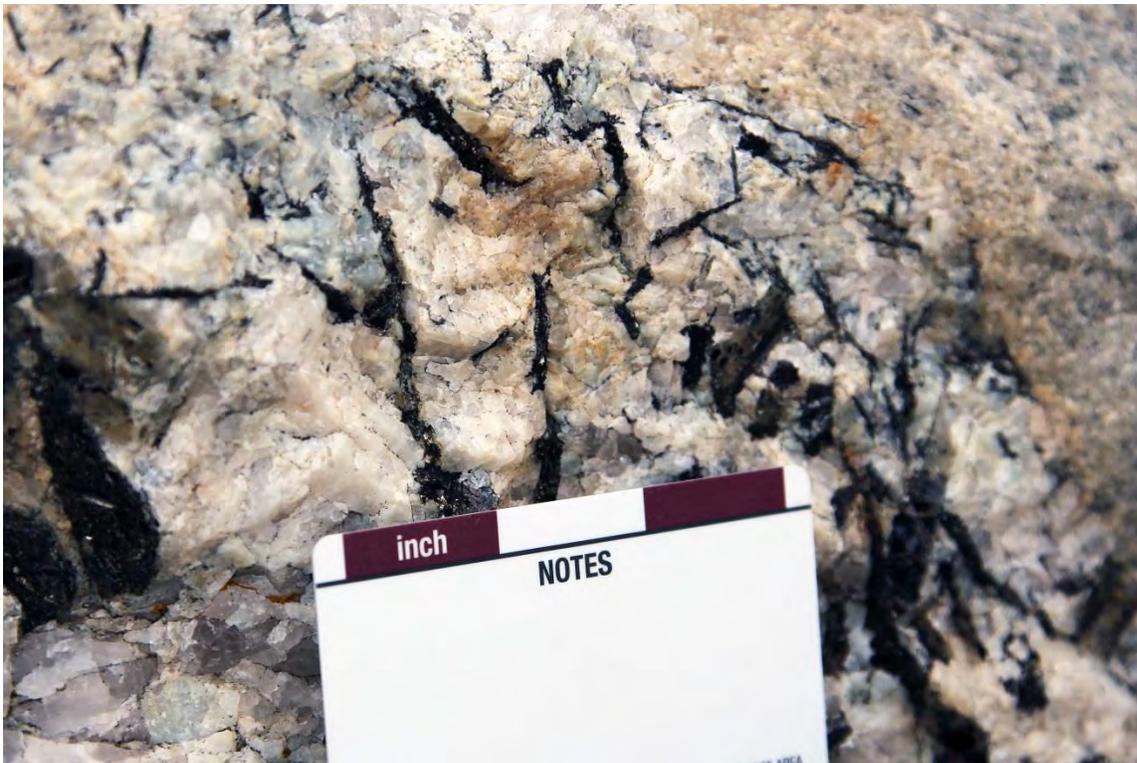
Pegmatite in West and North walls of a Spar Mica quarry (Canspar Pit #5) (looking north)



Example of 'fine grained pegmatite', East Mill Cut (Canspar pit #2) - grey sections contain biotite



Example of graphic granite (white feldspar and grey quartz) on ridge above Canspar Pit #6



Example of coarse biotite mineralization in pegmatite



Biotite distribution in white pegmatite above east end of Canspar Pit #2



Very coarse pink feldspar pegmatite (grey quartz) Canspar trench B



North trending left handed shear offset in meta-sediments near Johan Beetz docking facility

Deposit Types

The Johan Beetz Feldspar deposit is a folded granite and pegmatite intrusive complex which extends to all limits of the property and for several kms beyond northern and eastern borders of the claims. It is the single source of high grade feldspar mineral on the property.

In general such deposits are not systematically qualified and modeled for exploration. The ability to move bulk material such as feldspar from a mine site to a refining or manufacturing site and the specific uses, marketing and transport to purchaser destinations creates selective evaluation for each deposit that is not related to its geology. Alkaline granites and pegmatites similar in mineralogy and genesis to the LTIC in which the Johan Beetz pegmatites are found occur throughout the extent of the Grenville Province. Few however appear to have the benefit of size and location that attracted initial developers to Baie Johan Beetz.

Exploration

No exploration or technical evaluation has occurred on the Johan Beetz Feldspar since 1996. The Vendor and Walmer have not initiated exploration on the property but have compiled publicly available historic exploration reports and geological information.

During the site visit for this report, 3 samples were taken Spar Mica's East Mil Cut (Canspar Pit #2) and 4 samples were taken from 1991 Canspar trenches. These samples were obtained by continuous chip sample from existing faces. Samples weighing approximately 2 kg per metre were obtained. It was not possible to select samples that were un-weathered. Sample locations were tagged with flagging tape and sample numbers written on the tape. Samples were bagged with a numbered sample tag and the sample number marked on the bag. Bags were tied, boxed and shipped by bus to

OTD Exploration Services in Pickering and from there delivered to SGS Laboratories in Lakefield Ontario. All samples submitted to SGS were tested by whole Rock Analysis (WRA) to establish major oxide contents as used by Spar Mica and Canspar in their work. In addition, two of these samples, one from a white pegmatite (#15659) and one from a pink pegmatite (#15664) were tested by X-Ray Diffraction (XRD) to provide a semi-quantitative pegmatite mineralogy.

Table 3: Summary of Samples Taken at Johan Beetz Feldspar Property in May 2016

| Sample Number | UTM Zone 20 U | | Description |
|---------------|---------------|-----------|--|
| | Northing | Easting | |
| 15658 | Not taken | Not taken | 1 kg sample of sand sized concentrate remaining in storage shed floor from Spar Mica operation, taken at 30 cm depth |
| 15659 | 5570955 | 516459 | 2 m chip sample from west wall of East Mill Cut (Canspar pit #2) starting at northern contact of major schist unit and proceeding to small schist inlier - white fsp pegmatite with thin biotite books measuring up to 0.5 cm by 10 cm in aspect |
| 15660 | Not taken | Not taken | 2 m chip sample from west wall of East Mill Cut located (Canspar pit #2) located 15 m north of sample 15659 along wall - white fsp pegmatite with thin biotite books up to 0.5 cm by 10 cm in aspect |
| 15661 | 5570977 | 516495 | 1 m chip sample from east end of East Mill Cut mine heading (Canspar pit #2) - pale apple green to white fsp pegmatite with thin biotite books to 0.5 cm by 10 cm in aspect |
| 15662 | Not taken | Not taken | Canspar (CSP) Trench B - 1 m chip sample taken at southeast end of trench (position not taken by GPS) approx. 5 m from 15563. Coarse Grained pink fsp-qtz-bio+/-musc pegmatite. Located near drill hole CSP 91-08 collar |
| 15663 | 5571386 | 516293 | Canspar (CSP) Trench B - 2 m chip sample taken at northwest end of trench 5 m NW from sample 15562. Coarse grained pink fsp-qtz-bio+/-musc pegmatite |
| 15664 | 5571354 | 516339 | Canspar (CSP) Trench H - 2 m chip sample taken at 3 m SE from northwest end of trench, Coarse grained pink fsp-qtz-bio+/-musc pegmatite |
| 15665 | 5571353 | 516365 | Canspar (CSP) Trench I - 2 m chip sample taken at northwest end of trench. Coarse grained buff-pink fsp-qtz-bio+/-musc pegmatite |

Table 4: Summary of Whole Rock Analyses from Johan Beetz Feldspar Property Samples May 2016

| Sample | SiO ₂ | Al ₂ O ₃ | Fe ₂ O ₃ | MgO | CaO | Na ₂ O | K ₂ O | TiO ₂ | P ₂ O ₅ | MnO | Cr ₂ O ₃ | V ₂ O ₅ | LOI | Sum |
|--------------------------------------|------------------|--------------------------------|--------------------------------|------|------|-------------------|------------------|------------------|-------------------------------|--------|--------------------------------|-------------------------------|------|-------|
| ID | % | % | % | % | % | % | % | % | % | % | % | % | % | % |
| OTD sampling 2016 | | | | | | | | | | | | | | |
| 15658 | 68.6 | 17.4 | 0.11 | 0.06 | 1.05 | 5.18 | 6.03 | < 0.01 | 0.05 | < 0.01 | 0.03 | < 0.01 | 0.58 | 99.1 |
| 15659 | 71.1 | 15.7 | 1.05 | 0.29 | 0.97 | 4.49 | 5.26 | 0.1 | 0.05 | 0.01 | 0.02 | < 0.01 | 1.09 | 100.2 |
| 15660 | 76.1 | 13.1 | 0.63 | 0.14 | 0.61 | 3.08 | 5.9 | 0.08 | 0.05 | < 0.01 | 0.02 | < 0.01 | 0.6 | 100.3 |
| 15661 | 75.8 | 13.2 | 0.56 | 0.14 | 0.79 | 3.7 | 4.66 | 0.07 | 0.04 | < 0.01 | 0.01 | < 0.01 | 0.66 | 99.6 |
| 15662 | 76.3 | 14.1 | 0.51 | 0.14 | 0.93 | 4.02 | 3.3 | 0.07 | 0.05 | < 0.01 | < 0.01 | < 0.01 | 0.8 | 100.1 |
| 15663 | 73.2 | 15.3 | 0.75 | 0.22 | 0.96 | 4.03 | 4.47 | 0.08 | 0.05 | < 0.01 | < 0.01 | < 0.01 | 0.85 | 99.9 |
| 15664 | 74.2 | 14.7 | 0.49 | 0.17 | 0.59 | 3.25 | 5.93 | 0.05 | 0.07 | 0.01 | < 0.01 | < 0.01 | 0.71 | 100.2 |
| 15665 | 73.4 | 15.2 | 0.51 | 0.18 | 0.62 | 3.4 | 5.49 | 0.04 | 0.05 | 0.03 | < 0.01 | < 0.01 | 0.9 | 99.8 |
| Average | 74.30 | 14.47 | 0.64 | 0.18 | 0.78 | 3.71 | 5.00 | 0.07 | 0.05 | 0.02 | <0.02 | <0.01 | 0.80 | 100.0 |
| Canspar Drill Composites 1993 | | | | | | | | | | | | | | |
| Average | 74.85 | 14.36 | 0.80 | 0.19 | 0.83 | 3.40 | 4.83 | 0.11 | - | 0.02 | - | - | 0.63 | - |

| Spar Mica Drill Composites 1956 | | | | | | | | | | | | |
|---------------------------------|-------|-------|------|--|------|------|------|--|--|--|--|--|
| | 75.06 | 14.75 | 0.35 | | 1.12 | 2.99 | 5.49 | | | | | |

Table 4 presents results obtained from analysis of 8 samples taken from the Johan Beetz site in May, 2016. High and low major oxide values for each rock sample are outlined in yellow and green respectively, compared to averages in grey and a sample of concentrate remaining in the shipping area in rose. Observations from the field would indicate that potassium content in rock samples does not have a visible color equivalent. Often pink feldspars are believed to be K₂O rich but samples taken from the northwest ridge of the property which had greater visible pink feldspar composition do not report higher overall K₂O content than samples from the historic mine areas that are white.

Comparing the limited results from rock outcrops to the average and the concentrate sample #15658 indicates that processing at the Spar Mica concentration plant was effective in concentrating feldspar product and reducing silica. Similar reductions in iron and magnesium would indicate that a considerable degree of mica sequestration to tailings was also completed by the process. Remaining MgO and Fe₂O₃ may be related to continued presence of mica or tourmaline in the concentrate.

Limited extraneous or deleterious mineral and elemental material is identified through whole rock analysis. Those measured; TiO₂, P₂O₅, MnO, Cr₂O₃, V₂O₅ are generally used to recalculate mineral assemblages from oxides particularly high iron minerals. In this case very low values indicate the absence of minerals in which these elements are found which is corroborated by the absence of such minerals in hand sample and outcrop.

Major potassium, sodium and other oxide values for the samples taken from mine and adjacent areas compare well with historic values recorded by Spar Mica and Canspar (see Appendix III)

Table 5 presents the mineralogy obtained from XRD from two samples which were also submitted for WRA. Sample 15659 is located in the area of Pit #2 where the Spar Mica operation drew ore for processing, while Sample 15664 is located on the ridge above Pit #5 to the north of the Spar Mica plant. The results indicate that quartz and mica contents are lower in the zone mined by Spar Mica. This does not indicate that a future feldspar concentrate would be less pure or marketable from the zone where sample 15664 was taken, simply that more mineral separation would be required and more tailings material would be produced.

Table 5: Results of XRD analysis from Johan Beetz Feldspar Property Samples, May 2016
Semi-Quantitative X-ray Diffraction Results

| Mineral | 15659 (wt %) | 15664 (wt %) |
|--------------------------|-----------------|-----------------|
| Quartz | 23.9 | 34.3 |
| Microcline (K fsp proxy) | 24.3 | 24.4 |
| Albite (Na fsp proxy) | 37.4 | 23.9 |
| Muscovite (mica proxy) | 6.5 | 10.8 |
| Anorthite (Ca fsp proxy) | 3.1 | 3.7 |
| Illite (mica proxy) | 2.0 | 1.9 |
| Diopside * | 1.0 | 0.8 |
| Chamosite * | 1.0 | 0.3 |
| Actinolite * | 0.9 | - |
| TOTAL | 100 | 100 |

* proxy for Fe-, Mg- minerals ex: garnet, tourmaline seen in samples

XRD analysis reporting provides a reconstitution of the mineral assemblage from X-ray analysis based on a set of combination criteria. If used as a tool for mineral identification in metallurgical studies, it is recommended that mineral identification by microscopy be done in parallel to help distinguish specific

mineral types such as muscovite and biotite. The combination criteria can be set within certain limits to improve how minerals are identified by the algorithm. A similar check should be used if extensive analysis by QEMSCAN is considered since the identification depends on establishing a mineral reference library.

DRILLING

Walmer and the Vendor have not completed drilling at Johan Beetz. Three phases of drilling have been completed historically; in 1955 and 1959 by Spar Mica and in 1991 by Canspar Resources. No core samples from these programs were seen to remain at the property.

Recorded information for the 1955 program seems to indicate Spar Mica was looking to evaluate both initial production and the potential of the future Mining Concession #434. 12 drill holes on tight grids appear in the traces of quarries #1 and #3, while 10 additional holes appear on two SE trending sections located 700 to 1200 feet NE of the mine site. Quarry #1 and #3 locations do not show evidence that detailed sampling guided their selection. There is no recorded sampling information suggesting alternate sites were considered. Initial selection seems to have been in part pragmatic. Drill holes 55-1 to 55-6 being located in the pegmatite ridge that would have blocked the transfer of material from the mill to the dock. Drill holes 55-17 to 55-22 were drilled in the future location East Mill Cut of Pit #2. Four other quarry sites were opened with no recorded drilling.

All reported drilling in 1959 targeted near term production, defining volumes of feldspar rich pegmatite material for near term processing from quarry #2. Although major oxides are reported for 1959 drill samples the selection of the drilled area appears to be pragmatic, building from available access.

Drilling in 1991 by Canspar was 'regional' in scope. Drilling was mostly distributed on two SE trending sections spaced between the two distal 1959 sections. These sections extend further NW than the 1959 sections, covering an area of coarse pink feldspar pegmatite. Canspar was building a global resource for the property and used whole rock analysis from the 1959 and 1991 core samples. Canspar selected a possible mining volume bounded by the Johan Beetz access road on the west, the pegmatite ridge edge above the St. Lawrence coast on the east and the northern Mining Concession #434 boundary. The proposed 'mining block' was estimated to contain "11 Million tonnes at 60% recovered feldspar" with K_2O and Na_2O concentrations of 5.35% and 3.11% respectively.

During the site visit for this report, one hole from the 1991 Canspar campaign (CSP 91-08) was located. Several inclined drill holes from the 1959 campaign were located but not identified by hole number due to changes to the mine face since they were drilled. Further mapping will properly identify these holes.

SAMPLE PREPARATION, ANALYSIS AND SECURITY

No sample preparation or analytical information is available for the treatment of Spar Mica drill core or surface samples. Early estimates were completed by visual estimate and later results are reported by major oxide chemistry. Canspar refers to core being logged and split with sections selected and composited. No description of the sample analysis for this material conducted by I.M.D. Laboratories is provided.

During the site visit for this report, 3 samples were taken Spar Mica's East Mill Cut (Canspar Pit #2) and 4 samples were taken from 1991 Canspar trenches. These sites were selected for their proximity

to; a) the main source of apparent historic pegmatite feed for the Spar Mica Samples to provide a limited assessment of the production area (samples 15659-15661) and b); the prominent ridge of coarser pegmatite tested by Canspar (samples 15662-15665).

Samples were obtained by continuous chip sample from existing faces. Samples weighing approximately 2 kg per metre were obtained. It was not possible to select samples that were un-weathered. Sample locations were tagged with flagging tape and sample numbers written on the tape. Samples were bagged with a numbered sample tag and the sample number marked on the bag.

Bags were tied, boxed and delivered to Sept-Iles where they shipped by bus to OTD Exploration Services in Pickering. The samples were repacked by the author and delivered to SGS Laboratories in Lakefield Ontario by car.

In the opinion of the author the sample preparation and security were adequate for the purposes of the field visit.

All samples submitted by the Author to SGS were tested by whole Rock Analysis (WRA) to establish major oxide contents as used by Spar Mica and Canspar in their work. In addition, two of these samples, one from a white pegmatite (#15659) and one from a pink pegmatite (#15664) were tested by X-Ray Diffraction (XRD) to provide semi-quantitative pegmatite mineralogy.

SGS Canada Minerals Services – Lakefield is a Standards Council of Canada certified mineral laboratory (#184). The laboratory and its staff are independent of the Author and of Walmer and Globex.

DATA VERIFICATION

No Quality Control or Quality Assurance (QA/QC) programs or information for the historic Spar Mica or Canspar evaluations of the Johan Beetz Feldspar property have been obtained from sources identified by the author. The author cannot apply data verifications to the sampling methods applied by previous property owners or assess the results of analysis derived therefrom.

The author has not imposed a QA/QC program on the limited sample suite provided to SGS in June 2016. An insufficient number of samples were taken on the site visit to develop a reasonable sample standard for insertion. In the author's opinion, the analytical results obtained from field samples by SGS are adequately controlled for the purposes of this report.

QA/QC protocols for the Johan Beetz Project will require close work with the laboratory to determine appropriate measures for this type of deposit, since mineralogy and mineral aspect will be as important as the concentration of Na and K in feldspars.

Further information regarding sample preparation and analytical procedures used in the analysis of the samples acquired during the OTD site visit in May 2016 is outlined in Appendix II.

MINERAL PROCESSING AND METALLURGICAL TESTING

Feldspar consists essentially of aluminum silicates combined with varying percentages of potassium, sodium and calcium and it is the most abundant mineral of igneous rocks. The two types of feldspar that are important components of mineralization on the property are found in concentrations of sodic (Na) feldspar (3-4% Na₂O) and potassic (K) feldspar (4-8% K₂O) within the property's pegmatite

host rock. The historic purpose of exploration, mining and milling operations at the property was to concentrate these minerals to suit appropriate market requirements.

Potassic feldspar is the more valuable mineral and commands a premium in the ceramic, white ware and glaze industries. In 2013, CRA, a consultancy, categorized true K-spar at >10% K₂O with the U.S market consuming approximately 215,000 tonnes per annum (mtpa) growing to 250,000 mtpa by 2020, virtually all from domestic production concentrated in North Carolina and Georgia. Prices were reported to be about \$190/t in 2012, ranging from \$80 to \$450 depending on grade and fineness of the concentrate.

The Johan Beetz Feldspar deposit consists of coarse pegmatites varying from pink potassic feldspars in the western portion to finer white sodic feldspars in the eastern part with buff colored mixed feldspar in the central part. Micas and minor minerals account for 1 – 5% of the pegmatite and quartz from 20 – 30% with feldspar making up the remainder.

The Vendor and Walmer have performed no mineral processing or metallurgical testing of feldspar mineralization from the Johan Beetz Feldspar Property.

Metallurgical testing was performed by both Spar Mica and Canspar to evaluate beneficiation options for the pegmatite. In 1954, E. N. Hobby describes a range of tests done on a bulk sample of material from a location near the future site of Pit #2. Part of the sample was sent for flotation tests to a facility in Keene, New Hampshire. A second portion was sent to Exalon Corp. in Buffalo, New York for electro-static tests. Electrostatic processing was used by Spar for the removal of mica and iron bearing minerals from ore.

Hobby's report is excerpted below:

"(Because there was no overburden over the deposit and no kaolin visible in the outcrops of pegmatite)...tests 1 and 2 were carried out with the de-sliming step eliminated in hopes of a much better recovery of feldspar. The results show that "de sliming" is necessary. Loss of feldspar here can be controlled to some extent in the grinding circuit.

There is a different combination of reagents used in each circuit and in order to obtain best results, it is necessary to dewater between circuits. This dewatering causes a further slime loss in addition to the slimes lost in the natural de-sliming operation.

Test No1 No de-sliming. Mica and iron flotation was combined. Conditioning time 3 minutes for mica and iron and 3 minutes for feldspar. The feldspar recovery was 42.4% but was contaminated with much iron and mica.

Test No 2 No de-sliming. There were three separate flotation steps: Mica, iron and feldspar. Conditioning time was 3 minutes before each flotation step. Separations were poor. The feldspar recovery 32.4% and showed much iron and mica.

Test No 3 De-slimed. Mica and iron flotation were combined. 3 minutes conditioning for mica and iron also for feldspar. The feldspar recovery was 45.6% and showed much iron and mica.

Test No 4 De-slimed. Mica and iron flotation were combined: 30 minute conditioning for mica and iron and 10 minute conditioning for feldspar. Feldspar recovery 46.6% and showed much iron and mica.

- Test No 5 *De-slimes. Three flotation steps: 10 minute conditioning for mica, 30 minute conditioning for iron, 10 minute conditioning for feldspar. The feldspar recovery was 38.4%. This was a much cleaner concentrate and the separations in all flotation steps were much improved.*
- Test No 6 *De-slimes. Mica and iron flotation steps were combined: 10 minute conditioning for feldspar. The first flotation step in this test was set to recover mica to see if the iron would not come with the mica concentrate. It was not successful. Much iron showed in the feldspar concentrate. Feldspar recovery was 34.6%.*
- Test No 7 *De-slimes. Three flotation steps: 10 minute conditioning for mica, 20 minute conditioning for iron and 10 minute conditioning for feldspar. Very good separation in all flotation steps and a clean feldspar concentrate. Feldspar recovery (was) 39.8%.*

Remarks

- *Without de-slimes the reagent consumption was about four times greater than with de-slimes.*
- *A conditioning time of less than 10 minutes on mica or less than 20 minutes on iron results in a very poor separation of these minerals. Test No 7 gave the best results.*
- *The equipment used in the laboratory to reduce the crushed sample to 20 mesh is apt to produce more slimes than a production unit. It is, therefore, reasonable to expect a slightly higher recovery than these tests show. However, it should be pointed out that test No 7, showing a recovery of 39.8% is on a par with results in operating feldspar mills in North Carolina.*
- *In all of these tests, the feldspar concentrate and the firing tests were grey in color. A comparison test was run on a Colony Mine sample and it too was grey. We are making tests to determine the cause of this discoloration.*

The firing test showed this feldspar to be softer than our Colony hand cobbed feldspar and slightly harder than colony flotation feldspar. The fired sample was grey and speckled probably because of the high iron (0.182)."

Hobby does not discuss the results of electrostatic testing from this sample and the report by Germain in 1956 presumes Fe and mica components of the pegmatite will be separable from the pegmatite ore during processing.

Although the relative advantages are not reported, the Spar Mica operation eventually chose electrostatic separation over flotation as shown in a flow sheet from a 1957 report by Paul Bourret. The decision may have been made based on higher concentrate quality or it may have influenced by the economics of managing flotation processing at the site.

Table 6: Summary of Flotation Tests from Hobby 1954

| Test No | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
|-----------------------|------|------|------|------|------|------|------|
| Slimes | - | - | 9.0 | 7.0 | 8.6 | 9.4 | 8.8 |
| Conditioning Time | - | 3 | - | - | 10 | 10 | 10 |
| Mica | - | 14.6 | - | - | 8.6 | 17.6 | 8.6 |
| Conditioning Time | 3 | 3 | 3 | 30 | 30 | - | 20 |
| Iron | 17.4 | 4.4 | 8.6 | 3.4 | 3.2 | - | 2.4 |
| Conditioning Time | 3 | 3 | 3 | 10 | 10 | 10 | 10 |
| Spar | 42.4 | 32.4 | 45.6 | 46.6 | 38.4 | 34.6 | 39.8 |
| Quartz | 26.0 | 22.0 | 21.0 | 24.4 | 24.8 | 22.4 | 22.4 |
| Dewatering Slime Loss | 14.2 | 26.6 | 15.8 | 18.6 | 16.4 | 16.0 | 18.0 |

Table 7: Analysis of Johan Beetz Pegmatite Ore from Hobby 1954

| | Crude | Hand Cobbed | Flotation test no. 7 |
|--|---------|-------------|----------------------|
| Silica (SiO ₂) | 74.32 | 74.00 | 65.60 |
| Alumina (Al ₂ O ₃) | 14.27 | 13.89 | 18.40 |
| Iron Oxide (Fe ₂ O ₃) | 0.139 | 0.108 | 0.182 |
| Calcium (CaO) | 0.575 | 0.60 | 1.275 |
| Potassium K ₂ O | 7.01 | 7.50 | 9.02 |
| Sodium (Na ₂ O) | 3.23 | 3.60 | 3.10 |
| Loss on ignition | 0.419 | 0.413 | 0.64 |
| Combined Alkalines | 10.815 | 11.70 | 14.12 |
| Total | 100.444 | 100.111 | 100.217 |

Two metallurgical test programs were conducted by I.M.D. Laboratories for Canspar Resources in 1989 (#90221-1) and 1994 (#90310-1). Both test programs were designed to assess feldspar and mica separation and recovery. Tests were conducted on core samples. During the course of the tests it was noted that the core samples as composited reported higher than acceptable iron content which make feldspar concentrates undesirable for glass manufacture. It was noted that more selectivity in identifying high iron zones would be required in mining feldspar ore.

Excerpts from the conclusions of these reports are cited below:

IMD Project 90221, Report #90221-1 (October, 1989) - Flotation Tests on a Sample of Feldspar Ore and Recovery of Muscovite Mica

In this series of initial separation tests on Johan Beetz feldspar mineralization, several process iterations were undertaken which informed the design of each subsequent test. The final flotation test of the series, #4, was conducted on magnetically-separated ore, without pre-treatment for removal of mica. The procedure for test #4 is summarized as follows;

- Grinding was performed to a sizing consistent with flotation separation,
- A de-sliming stage was performed to remove minus 200 mesh fines,
- The de-slimed pulp was conditioned for 10 minutes with the pH adjusted to 2.5 using dilute sulphuric acid and an amine collector was added,
- Mica was floated in a rougher stage but not cleaned,
- The mica tailings were further conditioned for 5 minutes at pH 2.0 with 2.0 lb/t hydrofluoric acid addition, 1.0 lb/t amine and 0.3 lb/t of fuel oil as an auxiliary collector,
- A rougher and scavenger bulk concentrate were collected and cleaned in one stage to yield a high grade feldspar concentrate and a mixed feldspar/quartz cleaner tailing (this latter would normally be recycled to the rougher float in a plant environment);

Some observations from Test #4 included;

Only 1.5% of the total feldspar was contained in the scavenger tailing;

The weight distribution of test products was;

| | |
|------------------------|-------|
| -200 mesh slimes - | 10.5% |
| Mica concentrate - | 1.6% |
| Cleaner tails - | 3.4% |
| Feldspar Concentrate - | 63.9% |
| Scavenger tails - | 20.6% |

The feldspar concentrate at 10.5% K₂O, 0.07% Fe₂O₃ content was judged to be very clean.

No analysis of the slime fraction was undertaken but an overall feldspar recovery of well over 90% appeared likely.

Conclusions from this report focus on the positive results of test #4 as quoted below;

"Based on Test #4 (of 4 tests in Project 90221) it is evident that a high quality feldspar product can be produced from the submitted sample. The approach taken in Test #4 resulted in good separation efficiencies and product quality.

Further work to optimize the process is required. This should include additional work on mica extraction and separation of potassium and sodium feldspar"

IMD Project 90310, Report 90310-1 (May, 1994) - Processing of Crude Feldspar Ore from Existing Quarries and Diamond Drilling

A similar suite of tests to those conducted in I.M.D. project 90221 were complete in this study. Conclusions from this report are quoted below;

"Based on testwork conducted on magnetic separation and flotation the following conclusions can be made.

Quarry samples # 2 & 3 are of slightly higher grade than the composites prepared from drill cores. Quarry samples can be readily processed at either 20 x 150 mesh or 30 x 150 mesh by one medium and one high intensity pass over an induced roll high intensity magnetic separator.

The composites prepared from drill holes 4, 5, 6 and 7 and drill holes 11, 12, 13, 14 and 15 can be processed using three passes over the magnetic separator with two passes at high intensity. Only products (at -) 30 x 150 mesh have a sufficiently low iron content. Material made (at up to -) 20 x 150 generally produced products with too high an iron content.

Quarry and drill core samples can be processed (for feldspar) by froth flotation, with the standard hydrofluoric acid process, to a good quality feldspar at high recovery. For the quarry samples it is possible to float at 20 x 150 mesh.

Recovery is somewhat lower but grade is satisfactory. Drill core samples can also be floated by the same process to a higher grade feldspar content but with higher iron content. Only the -30 x 150 material can achieve the iron specification, but is marginal. The 20 x 150 mesh-floated products are too high in iron for clear glass production.

Initial results using a new type of reagent that eliminates the use of hydrofluoric acid are encouraging and should be followed up with more testing. Product grade was slightly lower from these initial tests. Recovery was 5 - 10% lower than with the hydrofluoric acid system. From an environmental point of view it is desirable to use the hydrofluoric acid free process even if recovery is lower. This comment applies only if it was decided to build and operate a flotation plant."

In 1996, Canspar commissioned a study by Eriez Magnetics of Erie, Pennsylvania to assess a magnetic separation cleaning as a stage of feldspar processing. Samples from Quarries #2 and #3 were

tested using a Rare Earth (RE) Roll separator at three feed rates; 100, 200, and 300 lbs./in./hr at a single drum speed at 120 feet per minute (FPM). A triple pass flowsheet was used to determine the maximum purification of the product.

The tests concluded that Magnetic minerals were removed from each sample. No details as to the degree of effectiveness or mineralogy of the magnetic separate were provided. ErieZ observed that best separation was obtained at lower feed rates.

MINERAL RESOURCE ESTIMATES

There are no current Resources and Reserves estimated on Johan Beetz Feldspar Property. Historic resource and resource estimates by various authors (Hobby 1954, Germain 1956 and Hurtubise 1993) were not prepared by a qualified person as defined National Instrument 43-101 under Canadian Institute of Mining Metallurgy and Petroleum (CIM) Definition Standards for Mineral Resources and Mineral Reserves. These historic resources should not be relied upon.

Hobby in 1954 estimated 19,400,000 tons of 'ore' with a range of 40% to 60% feldspar although no rationale for the estimate was provided.

Similarly, Hurtubise in 1993 refers to a 'reserve' of 13,650,000 tonnes but offers no estimate calculation or metallurgical parameters information source in support.

The most detailed estimate is by Germain in 1956 building on previous work by Hobby and Gemmell.

Germain calculated 'Commercial Spar' available on the Mining Concession volumetrically and applies the following factors to the gross tonnages estimated;

waste (10%); feldspar recovery (80%); and feldspar content (60%) based on major oxide ratios adjusted for K₂O in mica) He subsequently allows for a 10% dilution by quartz.

Germain derives his (60%) feldspar content from whole rock analyses of the 1955 drill holes. The whole rock analyses are reported as a composite for each of the holes used (55-7 to 55-22). Each alkali oxide; CaO, K₂O, Na₂O is averaged. The average K₂O is adjusted for K₂O reporting to mica and all oxides are recalculated to feldspar giving a total feldspar content in pegmatite of 59.78%. Waste rock in the measured volume is calculated by excluding drilled sections not in pegmatite and applying this factor to undrilled zones being calculated. Feldspar recovery appears to be assumed.

He does not apply different factors to address the reliability of the three types of pegmatite volumes computed in his estimate. The resource volume calculation is as follows;

$$\begin{aligned} \frac{\text{Gross tons X reduction for waste X feldspar recovery X feldspar content}}{\text{[total ore less] Quartz contamination (10\% SiO}_2\text{)}} &= \frac{\text{Tons X 0.9 X 0.8 X 0.6}}{0.9} \\ \frac{33,399,339 \text{ tons X 0.9 X 0.8 X 0.6}}{0.9} &= 16,031,683 \text{ tons} \end{aligned}$$

Table 8: Ore Estimates (Gross Tonnages) – Computation by Germain 1956

| (1) Location | (2) Elev'n Above M.S. Level | (3) Area (Sq. Ft.) | (4) Thickness (Ft.) | (5) Volume (3) x (4) | (6) Tonnage * (5) ÷ 12 |
|--|-----------------------------------|-----------------------|------------------------|----------------------------|------------------------------|
| 1 – INDICATED BY DIAMOND DRILLING | | | | | |
| Block "A" See Map | 40' | 1,458,000 | 40 | 58,320,000 | 4,860,000 tons |
| | 50' | 1,363,600 | 10 | 13,636,000 | 1,136,333 tons |
| | 60' | 1,276,400 | 10 | 12,764,000 | 1,063,667 tons |
| | 70' | 1,014,800 | 10 | 10,148,000 | 845,666 tons |
| | 80' | 558,400 | 10 | 5,584,000 | 465,334 tons |
| | 90' | 211,600 | 10 | 2,116,000 | 176,334 tons |
| Gross Tonnage Indicated by D.D. Down to Mean Sea Level | | | | | 8,547,334 tons |
| 2 – PROBABLE ORE (Based on outcrops and their geological correlation) | | | | | |
| Cl. 71918-1 | 70' | 244,400 | 70 | 17,108,000 | 1,425,666 tons |
| | 100' | 360,800 | 100 | 36,080,000 | 3,006,667 tons |
| Cl. 71918-2 | 60' | 222,000 | 60 | 13,320,000 | 1,110,000 tons |
| | 90' | 250,800 | 90 | 22,572,000 | 1,881,000 tons |
| Cl. 71918-3 | 90' | 416,000 | 90 | 37,440,000 | 3,120,000 tons |
| Cl. 71918-4 | 50' | 1,197,200 | 50 | 59,860,000 | 4,988,334 tons |
| | 70' | 906,400 | 20 | 18,128,000 | 1,510,667 tons |
| | 90' | 484,400 | 20 | 9,688,000 | 807,333 tons |
| Cl. 71918-5 | 30' | 232,400 | 30 | 8,472,000 | 706,000 tons |
| Cl. 71919-2 | 40' | 238,800 | 40 | 9,552,000 | 796,000 tons |
| | 50' | 214,400 | 50 | 10,720,000 | 893,334 tons |
| Total Probable Ore | | | | | 20,245,005 tons |
| 3 – POSSIBLE ORE (Unmapped areas based on geological inferences) | | | | | |
| Cl. 71918-1 | 30' | 376,000 | 30 | 11,280,000 | 940,000 tons |
| Cl. 71918-2 | 30' | 1,160,800 | 30 | 34,824,000 | 2,902,000 tons |
| Cl. 71918-3 | 30' | 108,800 | 30 | 3,264,000 | 272,000 tons |
| Cl. 113851-1 | 30' | 197,200 | 30 | 5,916,000 | 493,000 tons |
| * based on 12 cu. ft. per ton of ore in place | | | | Total Possible Ore | 4,607,000 tons |
| Summary | | | | | |
| Indicated by Diamond Drilling | | | | | 8,547,334 tons |
| Probable Ore | | | | | 20,245,005 tons |
| Possible Ore | | | | | 4,607,000 tons |
| Total Ore Reserves from Surface to Sea Level | | | | | 33,399,339 tons |

MINERAL RESERVE ESTIMATES

No reserves have been estimated on the Johan Beetz property.

Recommendations and Proposed Program

Recommendations

The following exploration program is recommended for the Johan Beetz Feldspar Project:

- Undertake a significant sampling program (drilling and pitting) over two phases to obtain and test feldspar pegmatite core and surface materials with detailed analysis and subsequent compositing for beneficiation tests.
- Each drill hole should be logged with feldspar and 'waste' minerals (biotite, garnet tourmaline etc.) domains identified from hole to hole (and section to section). Na- vs K- feldspar domain contents can be visualized and photographed in the field using mineral staining. In general drilling should test only a nominal depth below mean sea level and composites from drilling broken out into possible quarry cuts or spaces. Ridge heights would indicate that mining benches may not be required. Drilling with large diameter core such as HQ is recommended. Its incrementally higher cost over more standard NQ sized drilling is compensated for by larger sample size for testing purposes.

- Analyze each sample for a full range of chemical composition. Samples should be analyzed by whole rock analyses initially to test for the major mineral components and additional detailed study of iron compartment to assist with magnetic studies, and mica (potassium robbing) mineralogy to assist with electrostatic tests should be undertaken with additional multi-element analysis prior to, or in concert with, metallurgical testing. This would give a detailed picture of the deposit, outline high potassium feldspar areas, and pinpoint any potential problem areas with respect to high iron, mica or other elements or minerals which will hamper processing.
- Iron content is a known challenge to the delivery of high quality feldspar concentrates. Although iron has been tested in the deposit and from historic testing appears to be a manageable contaminant, detailed analysis for iron beginning at the drill stage will improve deposit resource estimates and mine planning scenarios for economic analysis.
- Metallurgical samples should be organized into zones based on composites obtained from sample results once geochemical mapping of the pegmatites via drill and pit sampling analyses is complete. At this stage more detailed mineralogical testing should be undertaken. Prior to compositing the samples it is recommended that QEMSCAN tests are done on core samples as a baseline for subsequent QEMSCAN testing of composites obtained from concentrates and tails of metallurgical tests.
- As the area has not known mining in recent years, Walmer should begin a consultative process with local aboriginal and non-aboriginal stakeholders during the initial exploration phase to apprise stakeholders of the activities planned and outlook for the project.

Proposed Work Program

A two year exploration budget of \$1,000,000 in 2 phases comprised of \$450,000 in the first year and \$600,000 in the second year is proposed for the initial assessment of the Johan Beetz Feldspar deposit. Initial exploration work recommended in Phase 1 will obtain geological information via core drilling and surface sampling to deliver a comprehensive and detailed geological and mineralogical understanding of the property's feldspar endowment. Phase 1 will also include initial metallurgical test work which can be used to guide additional drilling in Phase 2.

The proposed Phase I exploration program is restricted to claims 2432487 and 2432488. For the purposes of the initial evaluation, these claims represent the bulk of accessible pegmatite outcrop within former Mining Concession 434 as developed by Canspar. Claims 2461222 and 2461223 present opportunities to expand future defined resources in limited areas to the east and west of the former Canspar Mine and these would ultimately be accessed through claims 2432487 and 2432488.

The proposed program is subject to further field determination and planning by Walmer staff.

Figure 12 presents two conceptual grids ('A' and 'B') which cover partial areas of the prominently exposed pegmatite ridges within the property boundary (approximately 50%). The conceptual grids are based on 25 m grid spacing. Each 25 m x 25 m x 25 m (depth) grid block corresponds to approximately 41,500 tonnes of pegmatite. The grid outlines as depicted represent an estimated 4.8 Mt of pegmatite. Based on a proposed 25 m hole depth (to sea level), 31 drill holes are proposed on a nominal 50 x 50 m spacing within the grid to assess the pegmatite mineralization nearest to road access and to historic drilling and sampling by previous property owners.

Vertical drilling is currently proposed. Considerable strike and dip changes across the property can be clearly noted in the field. Walmer geologists may wish to choose angled holes in Phase 1 should observed orientation variability in certain areas indicate that pegmatite mineral quality could be better assessed in this manner. Hole orientation should be re-assessed prior to Phase 2.

All core should be photographed for use mineral identification during future metallurgical work.

100 m of trenching in Phase 1 can be selected to compliment drilling by testing laterally from a number of new drill collars to test lateral continuity of mineral quality. It is proposed that these trenches test up to 12.5 m in each grid direction from six selected drill collars (300 linear m) collecting approximately 5 kg per linear m (total 1,500 kg). Trenching must be sufficiently deep (greater than 50 cm) to be able to remove surface weathered material and expose fresh rock if possible. Although similar lateral tests are not possible at depth the trenches will offer some indication of variability over short intervals that might be expected during extraction.

Drilling and surficial sampling in the initial program should deliver adequate volumes of sample materials to enable the completion of the proposed Phase 1 metallurgical testing and for follow-up optimization studies in advance of industrial scale or feasibility scale evaluation. A 25 m drill hole will produce approximately 210 kg of HQ diameter drill core so a minimum of 6,500 kg is expected to be collected in Phase 1. Trenching with a nominal 5 kg/m collection will generate 1,500 kg.

Core and trench sampling based on 1 m to 1.5 m sample lengths is recommended for XRD and XRF analysis. Once sufficient sample data has been collected to determine variability, a determination of sample compositing can be made for metallurgical testing. Composites should not be blended at this point but should be selected to represent reasonably extractable volumes of pegmatite of consistent mineralogy.

No metallurgical testing is proposed for Phase 1 but a metallurgist should be engaged to assist with composite selection using rock analyses and core logs

Based on the results of Phase 1, a Phase 2 exploration program is proposed to include definition drilling and bulk sampling for pilot scale testing of metallurgically favourable areas, where zones of significant economic volume can be identified. An additional 30 holes drilled at 25 m spacing as infill are recommended at selected sites of 'best' pegmatite quality as identified in Phase 1. Sample preparation and analysis of core as undertaken in Phase 1 is recommended prior to creating composites for metallurgical testing. Material from both phases can then be blended into composites for each mineralogical zone.

Metallurgical testing will be determined by a metallurgist during Phase 1 and designed and supervised by a metallurgist in Phase 2. These tests should include flowsheets with magnetic, electrostatic and flotation separation techniques to evaluate what optimum feldspar concentrates can be obtained as well as the nature of residual material obtained during the tests. Evaluation of the merits and risks associated to each separation technique should also be reviewed.

Mineralogical techniques such as QUEMSCAM™ should be applied to feldspar concentrated and residual material to test assess mineral quality in both potential or and waste materials.

Work in Phase 2 should also include considerations for detailed environmental, social and plant site selection studies.

Table 11: Johan Beetz Feldspar Project - Exploration Budget

| | | |
|--|-----------------------|--------------------|
| Phase 1 | | |
| Geological Mapping/ Drill supervision and reporting | 60 days @ \$700 | \$42,000 |
| Drilling (HQ) 60 holes to average 25 m depth with logging, core cutting, support | 1,500 m @ \$135 / m | \$202,500 |
| Pitting and Trenching | 300 m @ \$150 / m | \$45,000 |
| Whole Rock Analysis (1.5 m length for 1,000 core samples / 200 pit samples) | 1,200 x \$90 / sample | \$108,000 |
| Metallurgist | 15 days @ \$800 | \$12,000 |
| Subtotal Phase 1 | | \$409,500 |
| Contingency 10% | | \$40,950 |
| Total Phase 1 | | \$450,450 |
| Phase 2 | | |
| Geological Mapping/ Drill supervision | 60 days @ \$700 | \$42,000 |
| Drilling (HQ) 60 holes to average 25 m depth with logging, core cutting, support | 1,500 m @ \$135 / m | \$202,500 |
| Whole Rock Analysis (1.5 m length for 1,000 core samples) | 1,000 x \$90 / sample | \$90,000 |
| Semi-Quantitative XRD Analysis | 200 x \$275 / sample | \$54,000 |
| Metallurgy (Flotation, Magnetic, Electrostatic) with supporting QEMSCAN Mineralogy * | 50 composite samples | \$100,000 |
| Metallurgist | 30 days @ \$800 | \$24,000 |
| Feldspar Marketing Study - (Roskill or other industry leader) | | \$10,000 |
| Compilation and report | | \$20,000 |
| Subtotal Phase 2 | | \$542,500 |
| Contingency 10% | | \$54,250 |
| Total phase 2 | | \$596,750 |
| Total Phase 1 and 2 | | \$1,047,200 |

*Note: pricing for metallurgical testing will vary substantially based on test design, sample selectivity and volumes

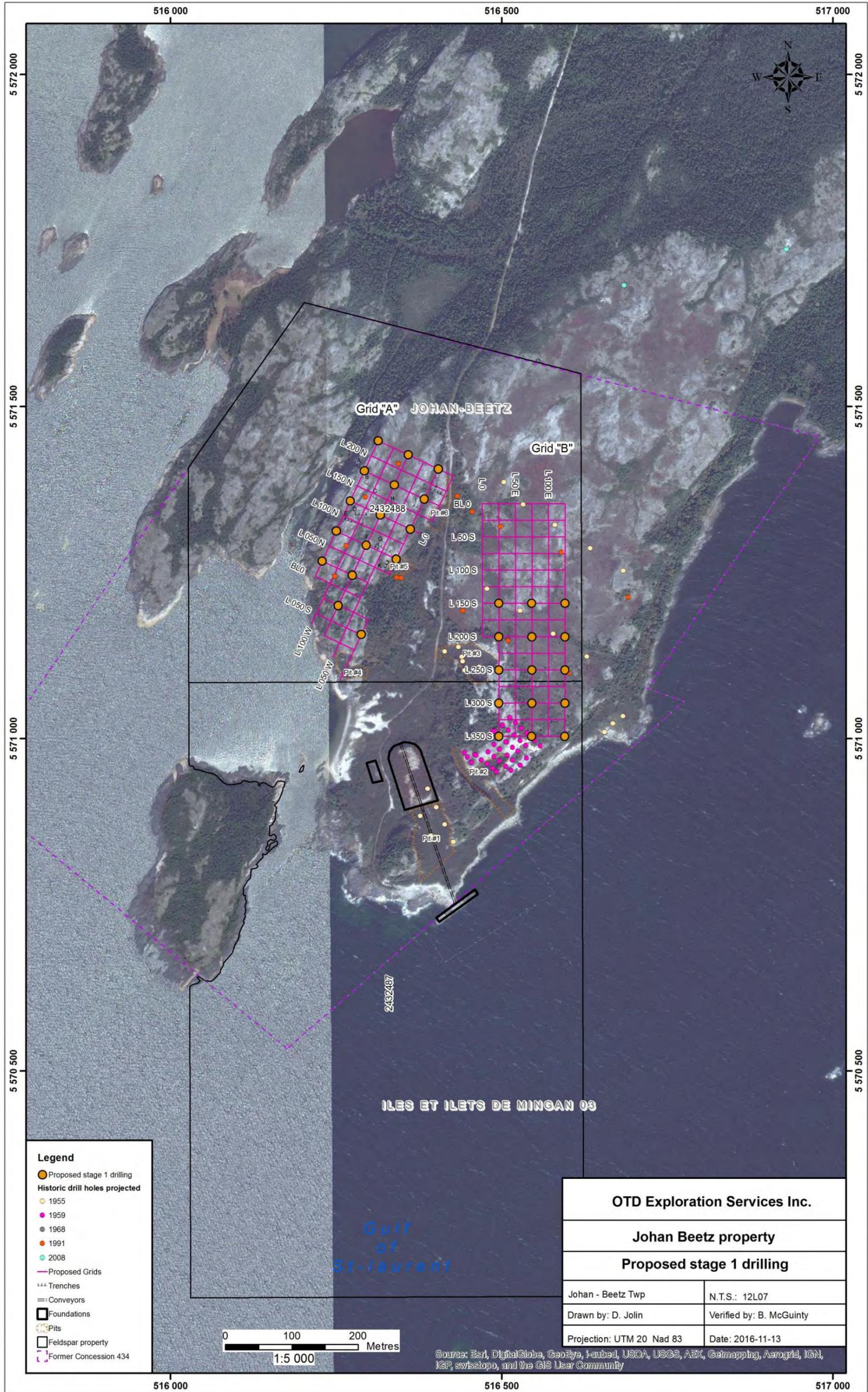


Figure 12 Johan Beetz Feldspar Project proposed Phase 1 drilling

PART III - INFORMATION CONCERNING THE RESULTING ISSUER

CORPORATE STRUCTURE

Name and Incorporation

The corporate name of the Resulting Issuer will be "EnerSpar Corp." or another name acceptable to the TSXV and the Board in its sole discretion. The Resulting Issuer will be governed by the ABCA. It is anticipated that the Resulting Issuer's head office and registered office will be located at 850 2 St SW, Calgary, AB T2P 0R8 Calgary, Alberta and its principal office for conducting business is located at 22 Coulson Ave., Toronto, Ontario M4V 1Y5.

The Board will be comprised of Peter Andrews, Peter Bloch, Jay Richardson, and John Arnold. The Board will oversee the day-to-day business of the Resulting Issuer. The management of the Resulting Issuer will consist of the current management of Walmer. See "*The Resulting Issuer – Directors, Officers and Promoters*".

NARRATIVE DESCRIPTION OF THE BUSINESS

Principal Business

After completion of the Qualifying Transaction, the Resulting Issuer will be focusing on the exploration and development of the Johan Beetz Feldspar Property. To pursue the foregoing business objectives, the Resulting Issuer will target the milestones and conduct the recommended phase I exploration program set forth in the Technical Report. Please see "*Information Concerning the Assets and Johan Beetz Feldspar Property and Johan Beetz Feldspar Property*" for additional information.

It is anticipated that Walmer's working capital augmented by the Closing of the Qualifying Transaction, triggering the conversion of the Subscription Receipts and release of those funds from escrow will allow the Resulting Issuer to fund its operations over the next 12 months. Please see "*Information Concerning the Resulting Issuer – Available Funds and Principal Purposes*" for further detail regarding the Resulting Issuer's budgeted use of funds.

Markets and Marketing

There is a global market into which any minerals produced on the Johan Beetz Feldspar Property could be sold and as a result, the Resulting Issuer will not be dependent on a particular purchaser, if any, with regard to the sale of any minerals produced. As the Resulting Issuer is not yet producing, it is not marketing and does not require a marketing plan or strategy.

Environmental Conditions

All aspects of the Resulting Issuer's field operations will be subject to environmental regulations and generally will require approval by appropriate regulatory authorities prior to commencement. Any failure to comply could result in fines and penalties. With the Johan Beetz Feldspar Property at the exploration stage, the financial and operational impact of environmental protection requirements is minimal. Should any projects advance to the test mining or feasibility stage, considerably more time and money would be involved in satisfying environmental protection requirements.

Competitive Conditions

The Resulting Issuer will compete with other mining companies, some of which have greater financial resources and technical facilities, for the acquisition of mineral tenements, claims, leases and other mineral interests for exploration and development projects. The Resulting Issuer will also compete with other mining companies for investment capital with which to fund such projects and for the recruitment and retention of qualified employees.

The ability of the Resulting Issuer to acquire additional mineral properties in the future will depend upon its ability to operate and develop the Johan Beetz Feldspar Property and also on its ability to select and acquire suitable producing properties or prospects for development or exploration.

Stated Business Objectives and Milestones

The Resulting Issuer expects to use its available working capital to finance exploration and development on the Johan Beetz Feldspar Property, and for general working capital, including complementary acquisitions. The Resulting Issuer's immediate short-term objectives will be to:

- (a) complete the recommended phase I work program on the Johan Beetz Feldspar Property pursuant to the Technical Report; and
- (b) acquire and evaluate additional complementary mineral properties to expand the Resulting Issuer's portfolio.

The Resulting Issuer's long-term objectives will be to:

- (a) if the results of the phase I work programs are successful, undertake the recommended phase II exploration program on the Johan Beetz Feldspar Property, using the working capital and additional financing, as required;
- (b) determine if an economic mineral deposit exists on the Property;
- (c) find one or more economic mineral deposits and bring them to commercial production; and
- (d) deliver a return on capitalization to shareholders.

In the event that the results of the phase I exploration program does not warrant further exploration activity, the Resulting Issuer will revise its business plan and objectives, which revisions may include the acquisition of additional mineral properties or joint ventures with other exploration or mining companies. Such activities will also likely require that the Resulting Issuer raise additional capital. There can be no assurance that the Resulting Issuer can raise such additional capital if and when required.

Please see "*Information Concerning the Assets and Johan Beetz Feldspar Property and Johan Beetz Feldspar Property*" for additional information.

Exploration and Development

The Resulting Issuer intends to complete the exploration activities as recommended in the Technical Report commencing after the Completion of the Qualifying Transaction with the recommended work program.

DESCRIPTION OF THE SECURITIES

Upon Closing of the Qualifying Transaction, the share structure of the Resulting Issuer will be the same as the share structure of Walmer. Walmer will issue the Consideration Shares, which are 2,000,000 Common Shares to the Vendor and 400,000 Common Shares to the Property Finder in connection with the Qualifying Transaction. See “*Information Concerning Walmer – Description of Securities*”.

PRO FORMA CONSOLIDATED CAPITALIZATION

Pro-Forma Capitalization

The following table sets forth the pro-forma capitalization of the Resulting Issuer as at December 31, 2016, assuming completion of the Qualifying Transaction.

| Designation of Security | Amount Authorized or to be Authorized | Amount Outstanding as of the date of the Filing Statement | Outstanding After Giving Effect to the Qualifying Transaction |
|-----------------------------------|---|---|---|
| Resulting Issuer Shares | Unlimited | 11,110,000 | 23,760,000 |
| Resulting Issuer Preferred Shares | Unlimited | Nil | Nil |
| Options | 10% of the issued and outstanding Common Shares | 625,000 ⁽¹⁾ | 625,000 ⁽¹⁾ |
| Warrants | Unlimited | Nil | 5,125,000 ⁽¹⁾ |
| Broker Warrants (Shares) | Unlimited | Nil | 711,000 ⁽²⁾ |
| Broker Warrants (Units) | Unlimited | Nil | 1,025,000 ⁽³⁾ |

Notes:

- (1) Exercisable into Common Shares at a price of \$0.10 per Common Share.
- (2) Exercisable into Common Shares at a price of \$0.05 per Common Share.
- (3) Exercisable into Units at a price of \$0.05 per Unit.

Fully Diluted Share Capital

The following table sets forth the fully diluted share capital of the Resulting Issuer after giving effect to the Qualifying Transaction:

| Description of Security | Number of Securities upon Completion of Qualifying Transaction | Percentage of Fully-Diluted Total |
|--|--|-----------------------------------|
| Common Shares issued as at date of this Filing Statement | 11,110,000 | 34.98% |
| Common Shares to be issued to the Vendor pursuant to the Acquisition Agreement | 2,000,000 | 6.30% |
| Common Shares to be issued as a finder's fee | 400,000 | 1.26% |
| Total Common Shares Outstanding Upon Closing | 23,760,000 | 74.81% |
| Common Shares reserved for issuance pursuant to the Walmer Options | 625,000 | 1.97% |
| Common Shares reserved for issuance pursuant to Common Share purchase warrants | 5,125,000 | 16.14% |

| | | |
|---|-----------|-------|
| Common Shares reserved for maximum issuance pursuant to Broker Warrants (Shares) | 711,000 | 2.24% |
| Common Shares reserved for maximum issuance pursuant to Broker Warrants (Units) | 1,025,000 | 3.23% |
| Common Shares reserved for maximum issuance pursuant to Warrants underlying the Broker Warrants (Units) | 512,500 | 1.61% |

AVAILABLE FUNDS AND PRINCIPAL PURPOSE

Funds Available and Principal Purpose of Funds

Upon Closing of the Qualifying Transaction and for the 12 month period after the Closing, Walmer will have approximately \$787,442 in funds available.

The principal purpose of such funds will be for, among other things, working capital and future expenditures on the Johan Beetz Feldspar Property as set forth in the Technical Report. It is anticipated that Walmer will use such funds as follows.

| Description | Amount |
|---|------------------|
| Estimated costs to complete the Qualifying Transaction | \$50,000 |
| Payment to the Vendor | \$100,000 |
| Recommended phase I exploration program on the Johan Beetz Feldspar Property | \$450,450 |
| Estimated general and administrative expenses over the 12 months following the Closing Date | \$86,992 |
| Unallocated funds | \$100,000 |
| Total | \$787,442 |

In the event that the results of the phase I exploration program do not warrant further exploration activity, the Resulting Issuer will revise its business plan and objectives, which revisions may include the acquisition of additional mineral properties or joint ventures with other exploration or mining companies. Such activities will also likely require that the Resulting Issuer raise additional capital. There can be no assurance that the Resulting Issuer can raise such additional capital if and when required.

The Resulting Issuer intends to spend the funds available to it upon Closing of the Qualifying Transaction to further the Resulting Issuer's stated business objectives. There may be circumstances where, for sound business reasons, a reallocation of funds may be necessary in order for the Resulting Issuer to achieve its stated business objectives.

Dividends

The Resulting Issuer does not currently intend to declare any dividends payable to the holders of the Common Shares. The Resulting Issuer has no restrictions on paying dividends, but if the Resulting Issuer generates earnings in the foreseeable future, it expects that they will be retained to finance growth.

The directors of the Resulting Issuer will determine if and when dividends should be declared and paid in the future based upon the Resulting Issuer's financial position at the relevant time. All of the Common Shares are entitled to an equal share in any dividends declared and paid.

PRINCIPAL HOLDERS OF SECURITIES

To the knowledge of the directors and senior officers of Walmer, upon completion of the Qualifying Transaction, no persons will beneficially own, directly or indirectly, or exercise control or direction over, common shares carrying more than 10% of the voting rights attached to the securities of the Resulting Issuer.

DIRECTORS, OFFICERS AND PROMOTERS

Upon completion of the Qualifying Transaction, James Richardson, Peter Andrew, Peter Bloch and John Arnold will remain as directors of Walmer. James Richardson will remain as Chief Executive Officer and John Arnold will remain as Chief Financial Officer and corporate secretary

The following table sets out the names of the proposed directors of the Resulting Issuer, the province or state, and country in which each is ordinarily resident, all offices of the Resulting Issuer proposed to be held by each of them, their principal occupations and the number of common shares of the Resulting Issuer beneficially owned by each, directly or indirectly, or over which control or direction is exercised, following completion of the Qualifying Transaction.

| Name and Municipality of Residence | Position with Corporation Director/Officer Since | Principal Occupation | Anticipated Number and Percentage of Common Shares upon completion of the Qualifying Transaction ⁽¹⁾ |
|---|---|---|---|
| James Richardson Toronto, Ontario | Chief Executive Officer, and Director since 2011 | Partner of James A. Richardson & Partner, Company Doctors, since 1993. Director and Officer of the Corporation since June 27, 2011. Director and Officer of Waseco Resources Inc. since August 24, 2000. | 1,000,000 (4.21%) ⁽²⁾ |
| Peter Andrews Ottawa, Ontario | Director and Chairman of the Audit Committee since 2011 | President of PRA Consulting Inc., a private consulting firm, since May 2011. Prior thereto, Executive Vice President, Business Development of CSDC Systems Inc., a provider of enterprise solutions for improving compliance, governance, accessibility and process automation, from April 2010 to April 2011. Prior thereto, Chief Executive Officer and President of Grantium Inc. from April 2005 to April 2010. | 300,000 (1.26%) ⁽²⁾ |
| Peter Bloch Toronto, Ontario | Director since 2011 | Chief Executive Officer of Bionik Laboratories Inc. since 2011. Prior thereto, Partner of Gardien Capital from 2009 to 2011. Prior thereto, Chief Financial Officer of Just Energy Group Inc. (TSX: JE), an energy marketing firm, between 2007 and 2009. | 300,000 (1.26%) ⁽²⁾ |
| John M. Arnold Guelph, Ontario | Director since 2015, Chief Financial Officer and Corporate Secretary since 2016 | From 1975 to present, principal of a private consulting company. Chief Financial Officer and Director of Queenston Mining Inc. from 1998 to 2012. Has been a corporate director for various public and private companies in the past. | 210,000 ⁽³⁾ (0.88%) ⁽²⁾ |

Notes:

- (1) The information as to securities beneficially owned or over which control or direction is exercised, not being within the knowledge of Walmer, has been furnished by the respective parties.
- (2) Based upon 23,760,000 Common Shares issued and outstanding as of the Closing of the Qualifying Transaction.
- (3) Held by Armur Capital Corporation, a company controlled by John M. Arnold.

It is anticipated that the Resulting Issuer's audit committee will be made up of Messrs. Andrews, Bloch and Richardson. The independent members of the Audit Committee shall be Messrs. Andrews and Bloch. All members are considered to be financially literate. The Resulting Issuer anticipates forming a compensation and corporate governance committee.

The term of office of the directors will expire annually at the time of the Resulting Issuer's annual general meeting or when or until their successor is duly appointed or elected. The term of office of the Resulting Issuer's officers will expire at the discretion of the Resulting Issuer's directors.

Following the completion of the Qualifying Transaction, the proposed directors and executive officers of the Resulting Issuer, as a group, will own beneficially, directly or indirectly, or exercise control or direction over a total of 1,810,000 Resulting Issuer Shares, representing 7.62% of the issued and outstanding Resulting Issuer Shares.

A brief description of the background of the directors and key management of the Resulting Issuer is included under the heading "*Management of the Resulting Issuer*" below.

Management of the Resulting Issuer

The following is a brief description of each of the proposed executive officers and directors of the Resulting Issuer:

Jay Richardson – Chief Executive Officer and Director

Mr. Richardson CPA, C.A., the President, Chief Executive Officer, Chief Financial Officer, Corporate Secretary, director and the promoter of the Corporation, is a Chartered Accountant with 40 years of experience in financial management. From 1974 to 1989, Mr. Richardson was first employed by, and then a partner of, Clarkson Gordon and its international affiliate, Arthur Young, in Toronto, London, Vancouver, and Singapore. From 1989 to 1993, Mr. Richardson was a partner of KPMG in London and was responsible for establishing their Corporate Recovery practice in Europe. Since 1993, Mr. Richardson has been practicing as a "company doctor", assisting distressed corporations both public and private, and has been a partner of James A. Richardson & Partner, Company Doctors. From 1999 to 2003, Mr. Richardson served as a director of Plaintree Systems, Inc., a TSX-listed internet technology company, and, as Interim Chief Executive Officer in 1999 oversaw successful reorganization and re-financing of the company. Mr. Richardson is currently a director and officer of Waseco Resources Inc. (WRI-V), a TSX-V listed gold and uranium exploration company, and Argus Corporation, an investment and holding company. Mr. Richardson has been a director of First Metals Inc. ("First Metals") a resource company, since March 2006 and was First Metal's Chief Financial Officer between March 2006 and July 2007 and subsequently its Treasurer between July 2007 and January 2010. Mr. Richardson received a Bachelor of Arts degree from the University of Toronto in 1967 and is a Fellow of the Insolvency Practitioners Association of the United Kingdom (retired).

Peter Andrews –Director

Mr. Andrews has been the President of PRA Consulting Inc., a private consulting firm providing executive coaching, strategic planning and mergers and acquisitions advisory services, since May 2011. Prior thereto, Mr. Andrews was the Executive Vice President, Business Development of CSDC Systems Inc., a provider of enterprise solutions for improving compliance, governance, accessibility and process automation, from April 2010 to April 2011. Prior thereto, Mr. Andrews was the Chief Executive Officer of Grantium Inc. from April 2005 to April 2010. Mr. Andrews received an MBA from Ivey School of Business in April 1984.

Peter Bloch –Director

Mr. Bloch is a chartered accountant with over 25 years of financial management experience. Mr. Bloch has been the Chief Executive Officer of Bionik Laboratories Inc. since 2011. Prior thereto, he was a Partner of Guarden Capital from 2009 to 2011. Prior thereto he was the Chief Financial Officer of Just Energy Group Inc. (TSX: JE), an energy marketing firm, between 2007 and 2009. Between May 2005 and October 2007, Mr. Bloch was the Chief Financial Officer of Tribute Pharmaceuticals Inc., a company that he also founded. Between January 2000 and April 2005 Mr. Bloch was the Chief Financial Officer of Gennum Corporation, an international semi-conductor company (TSX:GND). Mr. Bloch received a Bachelor of Commerce degree from the University of Cape Town in 1982.

John M. Arnold –Chief Financial Officer, Corporate Secretary and Director

Mr. Arnold is a Chartered Professional Accountant with over 40 years of financial management experience. He is a graduate of Trinity College, University of Toronto and has been a founding member of a number of successful companies, primarily in the natural resource sector, over the past 40 years. These include Queenston Mining Inc. XCal Resources Ltd. Thundermin Resources Ltd. and Total Forest Industries Ltd. He is the past non-executive chairman of a well-known University of Toronto affiliated research-based reproductive technology clinic. He has served on a variety of not-for-profit boards including as Governor of St. Margaret's Girls School (Elora), Governor of St. John's Kilmarnock School, and is currently a Trustee of the Weir Foundation and Director and Treasurer of Craft Ontario

Corporate Cease Trade Orders or Bankruptcies

Other than as set forth below, to the best of Walmer's knowledge, no proposed director, officer or promoter of the Resulting Issuer or a security holder anticipated to hold a sufficient number of securities of the Resulting Issuer to affect materially the control of the Resulting Issuer, within 10 years before the date of this Filing Statement, has been, a director, officer or promoter of any person or company that, while that person was acting in that capacity: (a) was the subject of a cease trade or similar order, or an order that denied the other issuer access to any exemptions under applicable securities law, for a period of more than 30 consecutive days; or (b) 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.

Penalties or Sanctions

Other than as set forth below, to the best of Walmer's knowledge, no proposed director, officer or promoter of the Resulting Issuer or security holder anticipated to hold sufficient securities of the Resulting Issuer to materially affect control of the Resulting Issuer, has been subject to:

- (a) 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
- (b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor making an investment decision.

Personal Bankruptcies

No proposed director, officer, insider, control person or promoter of the Resulting Issuer, or a personal holding company of any such persons has, within the 10 years before the date of the Filing Statement, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or been 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 individual.

In connection with his practice in assisting the "turn-around" of distressed companies, Mr. Richardson continued to act as an officer and a director of First Metals when it filed a proposal under the BIA. All of First Metal's commitments under the proposal were fulfilled.

Mr. Richardson, pursuant to his company doctor practice, was retained by Hollinger Inc. ("**Hollinger**") in a senior financial advisory capacity in July 2004 due to the incapacity of Hollinger's Chief Financial Officer following the launch of an investigation by Hollinger International Inc.'s Special Committee, and became a member of the Board of Directors of Argus Corporation ("**Argus**") in January 2005. Previously, in May 2004, all of the management and insiders of Argus Corporation and Hollinger had been made subject to a Management and Insiders Cease Trade Order ("**MICTO**") issued by the Ontario Securities Commission to prohibit their trading in shares of Argus and Hollinger due to their inability to file their quarterly and annual financial statements.

This failure was a result of the inability of Hollinger International Inc. (Hollinger's investee company whose shares represent Hollinger's principal asset) to file its financial statements, which were necessary for consolidation into Hollinger's financial statements. Shortly after being retained by Hollinger, Mr. Richardson was added to the MICTO. Subsequently, in May 2005, Argus, by court order, was added to the receivership and CCAA proceedings of The Ravelston Corporation, its parent company.

In 2011, First Metals, a company of which Mr. Richardson is a director but from whose management he had been excluded, was included in a cease trade order issued by the Alberta Securities Commission, the British Columbia Securities Commission and the Ontario Securities Commission for the failure to file certain continuous disclosure materials as required under applicable securities laws. The cease trade order remains in effect. Previously, First Metals had filed a Proposal under the BIA and carried out all of the terms of that Proposal.

Conflicts of Interest

The proposed directors of the Resulting Issuer are required by law to act honestly and in good faith with a view to the best interests of the Resulting Issuer and to disclose any interests that they may have in any project or opportunity of the Resulting Issuer. If a conflict of interest arises at a meeting of the Board, any director in a conflict will disclose his interest and abstain from voting on such matter.

To the best of Walmer's knowledge, and other than disclosed herein, there are no known existing or potential conflicts of interest among the Resulting Issuer and the proposed directors and officers of the

Resulting Issuer as a result of their outside business interests, except that certain of the current and proposed 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 Resulting Issuer and their duties as a director or officer of such other companies. See "Risk Factors".

Other Reporting Issuer Experience

The following table sets out the proposed directors, officers and promoters of the Resulting Issuer that are, or have been within the last five years, directors, officers or promoters of other reporting issuers:

| Name of Director | Name of Reporting Issuer | Market | Position | From | To |
|------------------|----------------------------|--------|---|---------------|---------------|
| James Richardson | Waseco Resources Inc. | TSXV | Director, Chief Financial Officer and Secretary | August 2000 | Present |
| | Darnley Bay Resources Inc. | TSXV | Director and Interim Chief Executive Officer | April 2011 | December 2012 |
| | First Metals Inc. | TSX | Director | March 2006 | Present |
| Peter Bloch | Bionik Laboratories Corp | OTCBB | CEO | Feb 2015 | Present |
| John M. Arnold | Queenston Mining Inc. | TSX | Director and CFO | January 1990 | December 2012 |
| | Thundermin Resources Inc. | TSX | Director | November 1998 | April 2013 |
| | Geo Finance Corp. | OTC | CEO | July 2007 | December 2012 |
| | Asher Resources Corp. | TSXV | Chairman and Director | April 2013 | May 2016 |
| | Newport Gold | OTC | Treasurer. CGO and Director | July 2003 | Present |

EXECUTIVE COMPENSATION

Summary of Executive Compensation

The following table sets forth the compensation paid to the Chief Executive Officer and Chief Financial Officer of the Resulting Issuer:

| Name of Principal Position | Annual Salary(\$) | Share based Awards (\$) | Option based Awards (\$) | Non-equity Incentive Plan Compensation (\$) | Pension Value (\$) | All Other Compensation (\$) | Total Compensation (\$) |
|----------------------------|-------------------|-------------------------|--------------------------|---|--------------------|-----------------------------|-------------------------|
| James Richardson (CEO) | nil | nil | nil | nil | nil | nil | nil |
| John M. Arnold (CFO) | nil | nil | See note 1 | nil | nil | Nil | See note 1 |

Notes:

- (1) The dollar value of any option-based awards that have been granted under the Stock Option Plan cannot be determined, as the dollar value is determined as grant date fair value. Accordingly, the estimated total compensation figure cannot be provided.

INDEBTEDNESS OF DIRECTORS AND OFFICERS

No director or senior officer of the Resulting Issuer, or any of their respective associates or affiliates is or will be indebted to the Resulting Issuer upon closing of the Qualifying Transaction.

INVESTOR RELATIONS ARRANGEMENTS

At this time, the Resulting Issuer does not expect to enter into any written or oral agreement or understanding with any person to provide any promotional or investor relations services for the Resulting Issuer or its securities or to engage in activities for the purpose of stabilizing the market.

OPTIONS TO PURCHASE SECURITIES

Stock Option Plan

Assuming completion of the Qualifying Transaction, options to acquire an aggregate of 625,000 Resulting Issuer Shares will be outstanding as follows:

| Class of Optionee | Number of Resulting Issuer Shares Under Option | Exercise Price | Expiry Date |
|--|--|----------------|------------------|
| Proposed Directors and Officers of the Resulting Issuer | | | |
| James Richardson Toronto, Ontario | 250,000 | \$0.10 | May 3, 2022 |
| Peter Andrews Ottawa, Ontario | 125,000 | \$0.10 | May 3, 2022 |
| Peter Bloch Toronto, Ontario | 125,000 | \$0.10 | May 3, 2022 |
| John M. Arnold Guelph, Ontario | 125,000 | \$0.10 | December 2, 2021 |

Walmer has adopted a stock option plan (the "**Plan**") pursuant to which the board of directors of Walmer may from time to time, in its discretion, and in accordance with TSXV requirements, grant to directors, officers and technical consultants of Walmer non-transferable and non-assignable options to purchase Walmer Shares.

The aggregate number of Walmer Shares reserved for issuance upon the exercise of options pursuant to the Plan is such number of Walmer Shares as is equal to 10% of the number of issued and outstanding Walmer Shares from time to time. Any exercises of options will make new grants available under the Walmer Option Plan, effectively resulting in reloading of the number of options available to grant under the Option Plan. The aggregate number of Walmer Shares reserved for issuance to any one optionee other than a technical consultant in any 12 month period shall not exceed 5% of the issued and outstanding Walmer Shares at the date of grant. The aggregate number of Walmer Shares reserved for

issuance pursuant to options granted to any one technical consultant in any 12 month period may not exceed 2% of the issued and outstanding Walmer Shares at the date of the grant.

If an optionee ceases to be a director, officer, or technical consultant of Walmer for any reason other than death, the optionee may exercise options no later than 90 days following cessation of the optionee's position or arrangement with Walmer; provided that if the cessation of such position or arrangement was by reason of death, the option may be exercised within a maximum period of one year after such death, subject to the expiry date of such option. Notwithstanding the foregoing, options granted prior to the Qualifying Transaction to any optionee that does not continue as a director, officer, or technical consultant of the Resulting Issuer, shall expire on the date that is the later of (i) 12 months after the completion of the qualifying transaction, and (ii) 90 days following the date the optionee ceases to be a director, officer or technical consultant of Walmer. The exercise price of an option is set by the Board at the time of grant, but may not be less than the closing price of the Walmer Shares on the TSXV (or such other principal stock exchange on which the Walmer Shares may be listed) on the date immediately prior to the date of grant. The Plan provides for flexible vesting, at the discretion of the Board. The term of any option granted under the Plan shall not exceed 10 years from the date of grant.

Any Walmer Shares acquired pursuant to the exercise of the incentive stock options granted pursuant to the Plan prior to the completion of the qualifying transaction must be deposited in escrow and will be subject to escrow until the final bulletin of the TSXV in respect of the qualifying transaction is issued.

As at the date hereof, the number of Walmer Shares reserved for issuance pursuant to outstanding incentive stock options is 625,000, equal to 5.6% of the issued and outstanding Walmer Shares.

ESCROWED SECURITIES

Escrowed Securities

The following table sets out, as of the date of this Filing Statement and to the knowledge of Walmer, the name and municipality of residence of the 1,000,000 Resulting Issuer Shares issued prior to Walmer's initial public offering which are currently held in escrow under the policies of the TSXV ("**CPC Escrowed Shares**") pursuant to a TSXV Form 2F – *CPC Escrow Agreement* (the "**CPC Escrow Agreement**"):

| Name and Municipality of Residence of Securityholder | Designation of class | Number of securities held in escrow | Percentage of class |
|---|-----------------------------|--|----------------------------|
| James Richardson Toronto, Ontario | Common Shares | 500,000 | 4.50% |
| Peter Andrews Ottawa, Ontario | Common Shares | 250,000 | 2.25% |
| Peter Bloch Toronto, Ontario | Common Shares | 250,000 | 2.25% |

QT Escrowed Shares

The following table sets out, as of the date of this Filing Statement and to the knowledge of Walmer, the name and municipality of residence of the Resulting Issuer Shareholders whose Resulting

Issuer Shares (the "**QT Escrowed Shares**") will be subject to a TSXV Form 5D – *Escrow Agreement* (on an undiluted basis):

| Name and Municipality of Residence of Securityholder | Designation of class | Prior to Giving Effect to the Qualifying Transaction | | After Giving Effect to the Qualifying Transaction | |
|--|----------------------|--|---------------------|--|---------------------|
| | | Number of securities held in escrow | Percentage of class | Number of securities to be held in escrow ⁽¹⁾ | Percentage of class |
| James Richardson Toronto, Ontario | Common Shares | 500,000 | 4.50% | 1,000,000 ⁽³⁾ | 4.21% |
| Peter Andrews Ottawa, Ontario | Common Shares | 250,000 | 2.25% | 300,000 ⁽⁴⁾ | 1.26% |
| Peter Bloch Toronto, Ontario | Common Shares | 250,000 | 2.25% | 300,000 ⁽⁵⁾ | 1.26% |
| John M. Arnold Guelph, Ontario | Common Shares | 10,000 ⁽²⁾ | 0.09% | 210,000 ⁽²⁾⁽⁶⁾ | 0.88% |

Notes:

- (1) The escrow agent of these Resulting Issuer Shares will be Computershare Trust Company of Canada (or such other escrow agent as Resulting Issuer may appoint).
- (2) Held by Armur Capital Corporation, a company in which John M. Arnold is a minority shareholder. Armur Capital Corporation currently holds 10,000 shares of the Issuer that were not included in the CPC Escrow Agreement due to the fact that Mr. Arnold was not a director of the Issuer at the time of Walmer's initial public offering.
- (3) 100,000 shares will be released on Closing, the balance of 900,000 shares will be subject to the Form 5D – *Escrow Agreement*.
- (4) 30,000 shares will be released on Closing, the balance of 270,000 shares will be subject to the Form 5D – *Escrow Agreement*.
- (5) 30,000 shares will be released on Closing, the balance of 270,000 shares will be subject to the Form 5D – *Escrow Agreement*.
- (6) 21,000 shares will be released on Closing, the balance of 189,000 shares will be subject to the Form 5D – *Escrow Agreement*. Due to the fact that Armur Capital Corporation currently holds 10,000 shares outside of the CPC Escrow Agreement upon the Final Exchange Bulletin, only 11,000 shares will be released by the transfer agent to Armur Capital Corporation.

Release Terms of the Escrow for the CPC Escrowed Shares

Pursuant to the CPC Escrow Agreement, the CPC Escrow Shares are held in escrow by Computershare Trust Company of Canada as the escrow agent. The CPC Escrow Agreement provides that the CPC Escrow Shares shall not be sold, assigned, hypothecated, transferred within escrow or otherwise dealt with in any manner without the written consent of the TSXV. Under the CPC Escrow Agreement, 10% of the CPC Escrow Shares will be released from escrow on the issuance of the Final Exchange Bulletin (the "**Initial Release**") and an additional 15% will be released on the dates 6 months, 12 months, 18 months, 24 months, 30 months and 36 months following the Initial Release. If the Resulting Issuer meets the TSXV's Tier 1 minimum listing requirements, the release of the CPC Escrow Shares would be accelerated. An accelerated escrow release would not commence until the Resulting Issuer has made application to the TSXV for listing as a Tier 1 issuer and the TSXV has issued a bulletin that announces the acceptance for listing of the Resulting Issuer on Tier 1 of the TSXV.

Release Terms of the Escrow for the QT Escrowed Shares

The QT Shares (including any Resulting Issuers Shares issuable on the exercise of options or warrants) listed above are expected to be subject to a value security escrow agreement in accordance with the TSXV policies ("**Value Security Escrow Agreement**"). The Value Security Escrow Agreement

will provide for a three year escrow release mechanism with 10% of the QT Escrowed Shares being releasable at the time of the Final Exchange Bulletin, and 15% of the QT Escrowed Shares being releasable every 6 months thereafter until the date which is 36 months after the Final Exchange Bulletin.

Where the QT Escrowed Shares are held by a non-individual (a "**holding company**"), each holding company pursuant to the applicable escrow agreement has agreed, or will agree, not to carry out any transactions during the currency of the escrow agreement which would result in a change of control of the holding company, without the consent of the TSXV. Any holding company must sign an undertaking to the TSXV that, to the extent reasonably possible, it will not permit or authorize any issuance of securities or transfer of securities that could reasonably result in a change of control of the holding company. In addition, the TSXV may require an undertaking from any control person of the holding company not to transfer the shares of that company.

The QT Escrowed Shares may not be transferred within escrow without the approval of the TSXV for release or transfer other than in specified circumstances set out in the applicable escrow agreement.

DIVIDEND RECORD AND POLICY

It is not anticipated that the Resulting Issuer will pay dividends on the Resulting Issuer Shares in the immediate future. The future payment of dividends will be dependent upon the profitability and financial requirements of the Resulting Issuer to fund future growth, the financial condition of the Resulting Issuer and other factors which the Board may consider appropriate in the circumstances.

AUDITORS, TRANSFER AGENT AND REGISTRAR

Auditor

The auditor of the Resulting Issuer will be Parker Simone LLP, 129 Lakeshore Rd E, Mississauga, ON L5G 1E5.

Transfer Agent and Registrar

The transfer agent and registrar for the Resulting Issuer will be Computershare Trust Company of Canada, Calgary, Alberta.

RISK FACTORS

An investment in the shares of the Resulting Issuer will involve a high degree of risk. Investors should carefully consider each of the risks described below and all of the information in this Filing Statement before investing in shares in the Resulting Issuer. The success of the Resulting Issuer will depend primarily on the expertise, ability, judgment, discretion, integrity and good faith of its management.

Completion of the Qualifying Transaction

The completion of the Qualifying Transaction is subject to several conditions under the Acquisition Agreement, including acceptance by the Exchange. There can be no assurance that Exchange approval will be obtained. If any of those conditions are not satisfied or waived, the Qualifying Transaction will not be completed. If the Qualifying Transaction does not complete, the Issuer will

continue to search for other opportunities; however, it will have incurred significant costs associated with the Qualifying Transaction.

Limited Operating History

Walmer is a relatively new company with limited operating history and no history of business or mining operations, revenue generation or production history. Walmer has yet to generate profit from its activities. The Resulting Issuer will be subject to all of the business risks and uncertainties associated with any new business enterprise, including the risk that it will not achieve its growth objective. The Resulting Issuer anticipates that it may take several years to achieve positive cash flow from operations.

Insufficient Capital

Walmer does not currently have any revenue producing operations and may, from time to time, report a working capital deficit. To maintain its activities, the Resulting Issuer will require additional funds which may be obtained either by the sale of equity capital or by entering into an option or joint venture agreement with a third party providing such funding. There is no assurance that the Resulting Issuer will be successful in obtaining such additional financing.

Financing Risks

Walmer has no history of any earnings and, due to the nature of its business, there can be no assurance that the Resulting Issuer will be profitable. Walmer has paid no dividends on its Common Shares since incorporation and does not anticipate doing so in the foreseeable future. The only present source of funds available to Walmer is through the sale of its Common Shares. Even if the results of exploration are encouraging, the Resulting Issuer may not have sufficient funds to conduct the further exploration that may be necessary to determine whether or not a commercially mineable deposit exists on any of its properties. While the Resulting Issuer may generate additional working capital through further equity offerings or through the sale or possible syndication of its properties, there is no assurance that any such funds would be available on terms acceptable to the Resulting Issuer, or at all. If available, future equity financing may result in substantial dilution. At present it is impossible to determine what amounts of additional funds, if any, may be required.

Regulatory

The Resulting Issuer's operations may require licences from various governmental authorities. There can be no assurance that the Resulting Issuer would be able to obtain all necessary licences and permits that may be required to carry out its projects.

Resale of Common Shares

The continued operation of the Resulting Issuer will be dependent upon its ability to generate operating revenues and to procure additional financing. There can be no assurance that any such revenues can be generated or that other financing can be obtained. If the Resulting Issuer is unable to generate such revenues or obtain such additional financing, any investment in the Resulting Issuer may be lost. In such event, the probability of resale of the shares purchased would be diminished.

Market Volatility

In recent years, the securities markets in the United States and Canada have experienced a high level of price and volume volatility, and the market prices of securities of many companies have experienced wide fluctuations in price which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that continual fluctuations in price will not occur. It may be anticipated that any quoted market for the Common Shares will be subject to market trends generally, notwithstanding any potential success of the Resulting Issuer in creating revenues, cash flows or earnings. An active public market for the Common Shares might not develop or be sustained after the Qualifying Transaction. If an active public market for the Common Shares does not develop, the liquidity of a shareholder's investment may be limited and the share price may decline.

Negative Operating Cash Flow

Since inception, Walmer has had negative operating cash flow. Walmer has incurred losses since its founding. The losses and negative operating cash flow are expected to continue for the foreseeable future as funds are expended on the exploration program on the Johan Beetz Feldspar Property and administrative costs. The Resulting Issuer cannot predict when it will reach positive operating cash flow.

Title Risks

Although Walmer has exercised the usual due diligence with respect to determining title to properties in which it has a material interest, there is no guarantee that title to such properties will not be challenged or impugned. The Resulting Issuer's mineral property interests may be subject to prior unregistered agreements or transfers or native land claims and title may be affected by undetected defects.

Exploration and Development

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 also from finding mineral deposits that, though present, are insufficient in quantity and quality to return a profit from production. The marketability of minerals acquired or discovered by the Resulting Issuer may be affected by numerous factors which are beyond the control of the Resulting Issuer 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 Resulting Issuer not receiving an adequate return of investment capital.

All of the claims to which the Resulting Issuer has a right to acquire an interest while including those of a former producing mine are again in the exploration stages only and are without a known body of commercial ore by today's standards. Development of the subject mineral properties would follow only if favourable exploration results are obtained. The business of exploration for minerals and mining involves a high degree of risk. Few properties that are explored are ultimately developed into producing mines.

There is no assurance that the Resulting Issuer's mineral exploration and development activities will result in any discoveries of commercial bodies. The long-term profitability of the Resulting Issuer's operations will in part be directly related to the costs and success of its exploration programs, which may be affected by a number of factors.

Substantial expenditures are required to establish reserves through drilling, 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 to justify commercial operations or that funds required for development can be obtained on a timely basis.

There is no assurance that the Exchange will approve the acquisitions of any additional properties by the Resulting Issuer, whether by way of option or otherwise.

Uninsurable Risks

In the course of exploration, development and production of mineral properties, certain risks, and in particular, unexpected or unusual geological operating conditions including rock bursts, cave-ins, fires, flooding and earthquakes may occur. It is not always possible to fully insure against such risks and the Resulting Issuer may decide not to take out insurance against such risks as a result of high premiums or other reasons. Should such liabilities arise, they could reduce or eliminate any future profitability and result in increasing costs and a decline in the value of the securities of the Resulting Issuer.

Environmental Regulations, Permits and Licenses

The Resulting Issuer's operations may be subject to environmental regulations promulgated by government agencies from time to time. Environmental legislation provides for restrictions and prohibitions on spills, releases or emissions of various substances produced in association with certain mining industry operations, such as seepage from tailings disposal areas, which would result in environmental pollution. A breach of such legislation may result in imposition of fines and penalties and/or restrictions on ongoing activities. In addition, certain types of operations require the submission and approval of environmental impact assessments. Environmental legislation is evolving in a manner which means stricter standards, and enforcement, fines and penalties for non-compliance are more stringent. Environmental assessments of proposed projects carry a heightened degree of responsibility for companies and directors, officers and employees. The cost of compliance with changes in governmental regulations has a potential to reduce the profitability of operations. The Resulting Issuer intends to fully comply with all environmental regulations.

The current or future operations of the Resulting Issuer, including development activities and commencement of production on its properties, require permits from various, federal, provincial or territorial and local 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, mine safety and other matters.

Such operations and exploration activities are also subject to substantial regulation under these laws by governmental agencies and may require that the Resulting Issuer obtain permits from various governmental agencies. There can be no assurance, however, that all permits which the Resulting Issuer may require for its operations and exploration activities will be obtainable on reasonable terms or on a

timely basis or such laws and regulations would not have an adverse effect on any mining project which the Resulting Issuer might undertake.

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 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 mining activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations and, in particular, environmental laws.

Competition

The mining industry is intensely competitive in all its phases, and the Resulting Issuer will compete with other companies that have greater financial resources and technical facilities. Competition could adversely affect the Resulting Issuer's ability to acquire suitable properties or prospects in the future.

Changes in Legislation

There can be no assurance that income tax laws and other laws will not be changed in a manner which would adversely affect the Resulting Issuer. There can be no assurance that tax authorities having jurisdiction will agree with how the Resulting Issuer calculates its income for tax purposes or that such tax authorities will not change their administrative practices to the detriment of the Resulting Issuer.

Management

The success of the Resulting Issuer will be largely dependent on the performance of its officers. The loss of the services of these persons would have a materially adverse effect on the Resulting Issuer's business and prospects. There is no assurance the Resulting Issuer can maintain the services of its officers or other qualified personnel required to operate its business. Failure to do so could have a material adverse effect on the Resulting Issuer and its prospects.

Mineral Exploration and Mining Carry Inherent Risks

Mineral exploration and mining operations are subject to hazards normally encountered in exploration, development and production. These include unexpected geological formations, rock falls, flooding, dam wall failure and other incidents or conditions which could result in damage to plant or equipment or the environment and which could impact exploration and production throughput. Although the Resulting Issuer intends to take adequate precautions to minimize risk, there is a possibility of a material adverse impact on the Resulting Issuer's operations and its financial results.

Infrastructure

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. Unusual or infrequent weather phenomena, terrorism, sabotage, government or other interference in the maintenance or provision of such infrastructure could adversely affect the Resulting Issuer's operations, financial condition and results of operations.

No Mineral Reserves or Mineral Resources

The Johan Beetz Feldspar Property in which the Resulting Issuer will hold an interest is considered to be an early exploration stage property; however, no mineral reserve or mineral resource estimates have been prepared in respect of the Johan Beetz Feldspar Property. Mineral reserves are, in the large part, estimates and no assurance can be given that the anticipated tonnages and grades will be achieved or that the indicated level of recovery will be realized. Reserve estimates for properties that have not yet commenced production may require revision based on actual production experience. Market price fluctuations of metals, as well as increased production costs or reduced recovery rates, may render mineral reserves containing relatively lower grades of mineralization uneconomic and may ultimately result in a restatement of reserves. Moreover, short-term operating factors relating to the mineral reserves, such as the need for orderly development of the ore bodies and the processing of new or different mineral grades, may cause a mining operation to be unprofitable in any particular accounting period.

Fluctuating Mineral Prices

Factors beyond the control of the Resulting Issuer may affect the marketability of metals discovered, if any. Metal prices have fluctuated widely, particularly in recent years. The effect of these factors cannot be predicted.

Management Inexperience in Developing Mines

The management of the Resulting Issuer will have some experience in exploring for minerals, but may lack all or some of the necessary technical training and experience to successfully develop and operate a mine. Without adequate training or experience in these areas, management may not be fully aware of many of the specific requirements related to working within the mining industry and their decisions and choices may not take into account all available and necessary engineering or managerial approaches that experienced mine operating companies commonly use to successfully develop a mine. Consequently, the Resulting Issuer's operations, earnings and ultimate financial success could be materially adversely effected.

The Resulting Issuer Will Depend on a Single Property

The Resulting Issuer's only material mineral property will be the Johan Beetz Feldspar Property. Unless the Resulting Issuer acquires or develops additional material properties or projects, the Resulting Issuer will be solely dependent upon the operation of the Johan Beetz Feldspar Property for its revenue and profits, if any. If the Resulting Issuer loses or abandons its interest in the Johan Beetz Feldspar Property, 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 Resulting Issuer, whether by way of option or otherwise, should the Resulting Issuer wish to acquire any additional properties.

Growth will Require New Personnel

Recruiting and retaining qualified personnel is critical to the Resulting Issuer'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. As the Resulting Issuer's business activity grows, it will require additional key financial, administrative, mining, marketing and public relations personnel as well

as additional staff on the operations side. Although the Resulting Issuer believes that it will be successful in attracting and retaining qualified personnel, there can be no assurance of such success.

Forward-Looking Statements and Information May Prove Inaccurate

Investors are cautioned not to place undue reliance on forward-looking statements and information. By their nature, forward-looking statements and information involve numerous assumptions, known and unknown risks and uncertainties, of both a general and specific nature, that could cause actual results to differ materially from those suggested by the forward-looking statements and information or contribute to the possibility that predictions, forecasts or projections will prove to be materially inaccurate. Additional information on the risks, assumptions and uncertainties are found in this filing statement under the heading "Forward-Looking Statements & Forward-Looking Information".

Investment Returns and Dividends

Walmer has never paid a dividend or made a distribution on any of its securities. Further, the Resulting Issuer may never achieve a level of profitability that would permit payment of dividends or making other forms of distributions to its shareholders. In any event, given the stage of the Resulting Issuer's development, it will likely be a reasonable period of time before the Resulting Issuer could be in a position to make dividends or distributions to its investors. The payment of any future dividends by the Resulting Issuer will be at the sole discretion of the Board.

Limitations of Insurance

The Resulting Issuer may elect not to obtain insurance to deal with specific risks due to the high premiums associated with such insurance or other reasons. The payment of such uninsured liabilities would reduce the funds available to the Resulting Issuer. The occurrence of a significant event that the Resulting Issuer is not fully insured against, or the insolvency of the insurer of such event, could have a material adverse effect on the Resulting Issuer's financial position, results of operations or prospects.

Issuance of Debt

From time to time, the Resulting Issuer may enter into transactions to acquire assets or the shares of other corporations. These transactions may be financed partially or wholly with debt, which may increase the Resulting Issuer's debt levels above industry standards. Neither the Resulting Issuer's articles nor its by-laws will limit the amount of indebtedness that the Resulting Issuer may incur. The level of the Resulting Issuer's indebtedness from time to time could impair the Resulting Issuer's ability to obtain additional financing in the future on a timely basis to take advantage of business opportunities that may arise.

Taxation

Any change in the tax status of the Resulting Issuer or the tax applicable to capital gains or dividends of shareholders or other changes in taxation legislation or its interpretation, could (i) affect the value of the investments held by the Resulting Issuer; (ii) affect the Resulting Issuer's ability to provide returns to shareholders; and/or (iii) alter the post-tax returns to shareholders.

The Market Price of the Resulting Issuer Shares May Be Subject to Wide Fluctuations

The market price of the Resulting Issuer Shares may be subject to wide fluctuations in response to many factors, including variations in the operating results of the Resulting Issuer and its subsidiaries, divergence in financial results from analysts' expectations, changes in earnings estimates by stock market analysts, changes in the business prospects for the Resulting Issuer and its subsidiaries, general economic conditions, legislative changes, and other events and factors outside of the Resulting Issuer's control. In addition, stock markets have from time to time experienced extreme price and volume fluctuations, which, as well as general economic and political conditions, could adversely affect the market price for the Resulting Issuer Shares.

PART V – GENERAL MATTERS

Sponsorship

Sponsorship of a Qualifying Transaction of a capital pool company is required by the TSXV unless exempt in accordance with TSXV Policy 2.4. Walmer has applied for an exemption from sponsorship requirements in accordance with TSXV policies.

Interest of Experts

Parker Simone LLP, the auditors of Walmer, are independent of Walmer, within the meaning of the Rules of Professional Conduct of the Institute of Chartered Accountants of Ontario. To the knowledge of the management of Walmer, as of the date of this Filing Statement, no other Professional Person or any associate or affiliate of such person has any beneficial interest, direct or indirect, in the securities or property of Walmer or of an associate or affiliate of it and no Professional Person is expected to be elected, appointed or employed as a director, senior officer or employee of Walmer, or of an associate or affiliate of it, or as a promoter of any such entity or of an associate or affiliate of any such entity.

Conflicts of Interest

Some of the proposed directors and officers of the Resulting Issuer are also directors and officers of other reporting and non-reporting issuers. Accordingly, conflicts of interest may arise which could influence these persons in acting on behalf of the Resulting Issuer, notwithstanding that they will be bound by the provisions of the ABCA to act at all times in good faith in the interest of the Resulting Issuer and to disclose such conflicts to the Resulting Issuer if and when they arise. To the best of their knowledge, Walmer is not aware of the existence of any conflicts of interest between any of their directors and officers as of the date of this Filing Statement, other than as disclosed herein.

OTHER MATERIAL FACTS

There are no material facts about Walmer and the Resulting Issuer or the Qualifying Transaction which are not otherwise disclosed in this Filing Statement.

BOARD APPROVAL OF WALMER

The Board has approved this Filing Statement. Where information contained in this Filing Statement rests particularly within the knowledge of a person other than Walmer, Walmer has relied upon information furnished by such person.

APPENDIX A - WALMER FINANCIAL STATEMENTS

Walmer Capital Corp.

(a capital pool corporation)

Audited Financial Statements

(Expressed in Canadian dollars)

**As at and for the years ended
December 31, 2016 and 2015**

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying financial statements of Walmer Capital Corp. (the "Company") are the responsibility of management and have been approved by the Board of Directors of the Company.

The financial statements have been prepared by management, on behalf of the Board of Directors, in accordance with International Financial Reporting Standards as disclosed in the notes to the financial statements. Where necessary, management has made informed judgments and estimates in accounting for transactions which were not complete at the Statement of Financial Position date. In the opinion of management, the financial statements have been prepared within acceptable limits of materiality and are in accordance with International Financial Reporting Standards appropriate in the circumstances.

The Board of Directors is responsible for reviewing and approving the financial statements together with other financial information of the Company and for ensuring that management fulfills its financial reporting responsibilities. An Audit Committee assists the Board of Directors in fulfilling this responsibility. The Audit Committee meets with management to review the internal controls over the financial reporting process. The Audit Committee meets with management as well as with the independent auditor to review the financial statements and the auditor's report. The Audit Committee also reviews the Annual Report to ensure that the financial information reported therein is consistent with the information presented in the financial statements. The Audit Committee reports its findings to the Board of Directors for its consideration in approving the financial statements together with other financial information of the Company for issuance to the shareholders.

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

"James (Jay) Richardson"

President

Independent Auditor's Report

To the Shareholders of
Walmer Capital Corp.

We have audited the accompanying financial statements of Walmer Capital Corp., which comprise the statements of financial position as at December 31, 2016 and 2015, and the statements of loss and comprehensive loss, statements of changes in equity and statements of cash flows for the years then ended, and 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 audits 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 is sufficient and appropriate to provide a basis for our audit opinion.

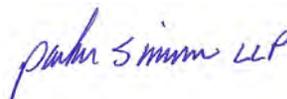
Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Walmer Capital Corp. as at December 31, 2016 and 2015, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Emphasis of Matters

Without qualifying our opinion, the accompanying financial statements have been prepared assuming the Company will continue as a going concern. As more fully described in the notes to these financial statements, the Company has not generated revenues to date. This condition raises material uncertainty which may cast substantial doubt about the Company's ability to continue as a going concern. The financial statements do not include any adjustments to reflect the possible future effects on the recoverability and classification of assets or the amounts and classifications of liabilities that may result from the outcome of this uncertainty.

February 14, 2017



Walmer Capital Corp.

(a capital pool corporation)

Statements of Financial Position

December 31, 2016 and 2015

(Expressed in Canadian dollars)

| As at December 31 | 2016 | 2015 |
|---|-------------------|------------------|
| Assets | | |
| Current assets | | |
| Cash (note 6) | \$ 3,808 | \$ 31,903 |
| Restricted cash and cash equivalents (note 6) | 781,100 | - |
| HST recoverable | <u>2,534</u> | <u>10,287</u> |
| | <u>\$ 787,442</u> | <u>\$ 42,190</u> |
| Liabilities | | |
| Current liabilities | | |
| Trade and other payables (note 7) | \$ 25,392 | \$ 18,250 |
| Flow through premium liability (note 8 (d)) | 71,100 | - |
| Financing proceeds held in escrow (note 9) | <u>461,250</u> | <u>-</u> |
| | 557,742 | 18,250 |
| Shareholders' Equity | | |
| Share capital (note 8 (a)) | 471,134 | 240,726 |
| Warrants (note 8 (c)) | 27,194 | 15,794 |
| Contributed surplus (note 8 (b)) | 34,165 | 31,065 |
| Deficit | <u>(302,793)</u> | <u>(263,645)</u> |
| | <u>229,700</u> | <u>23,940</u> |
| | <u>\$ 787,442</u> | <u>\$ 42,190</u> |

See accompanying notes to the financial statements.

Approved on behalf of the Board on January 16, 2017:

Signed "Jay Richardson" Signed "John Arnold"

Director

Director

Walmer Capital Corp.

(a capital pool corporation)

Statements of Loss and Comprehensive Loss

Years Ended December 31, 2016 and 2015

(Expressed in Canadian dollars)

| | 2016 | 2015 |
|---|-------------------|-------------------|
| Expenses | | |
| Professional fees | \$ 36,048 | \$ 57,440 |
| Share based compensation | 3,100 | - |
| Property acquisition impairment | <u>-</u> | <u>39,000</u> |
| Net loss and comprehensive loss | <u>\$ 39,148</u> | <u>\$ 96,440</u> |
| Basic and fully diluted loss per share (note 3(d)) | <u>\$ (0.009)</u> | <u>\$ (0.024)</u> |
| Weighted average number of shares outstanding – basic and fully diluted | <u>4,379,000</u> | <u>4,000,000</u> |

See accompanying notes to the financial statements.

Walmer Capital Corp.
Statements of Changes in Equity
Years Ended December 31, 2016 and 2015
(Expressed in Canadian dollars)

| | Number of Common Shares | Common Share Capital | Warrants | Contributed Surplus | Deficit | Total Equity |
|--------------------------------------|-------------------------------|-------------------------|------------------|---------------------|---------------------|-------------------|
| Balance at January 1, 2015 | 4,000,000 | \$ 240,726 | \$ 15,794 | \$ 31,065 | \$ (167,205) | \$ 120,380 |
| Net loss | - | - | - | - | (96,440) | (96,440) |
| Balance at December 31,2015 | 4,000,000 | 240,726 | 15,794 | 31,065 | (263,645) | 23,940 |
| Issuance of flow through shares | 7,110,000 | 355,500 | - | = | = | 355,500 |
| Less: Share issuance costs | - | (42,592) | - | = | = | (42,592) |
| Value assigned to broker warrants | - | (11,400) | 11,400 | = | = | - |
| Premium on flow through financing | - | (71,100) | - | = | = | (71,100) |
| Share based compensation | - | - | - | 3,100 | = | 3,100 |
| Net Loss | - | - | - | - | (39,148) | (39,148) |
| Balance at December 31,2016 | <u>11,110,000</u> | <u>\$ 471,134</u> | <u>\$ 27,194</u> | <u>\$ 34,165</u> | <u>\$ (302,793)</u> | <u>\$ 229,700</u> |

See accompanying notes to the financial statements.

Walmer Capital Corp.

(a capital pool corporation)

Statements of Cash Flows

Years Ended December 31, 2016 and 2015

(Expressed in Canadian dollars)

| | 2016 | 2015 |
|---|--------------------|--------------------|
| Operations | | |
| Comprehensive loss | <u>\$ (39,148)</u> | <u>\$ (96,440)</u> |
| Adjustments for non-cash items: | | |
| Share based compensation | 3,100 | - |
| Changes in non-cash working capital items: | | |
| HST recoverable | 7,753 | (8,013) |
| Trade and other payables | <u>7,142</u> | <u>(32,750)</u> |
| Cash Flows Used in Operating Activities | <u>(28,095)</u> | <u>(137,203)</u> |
| Financing | | |
| Issuance of flow-through common shares | 355,500 | - |
| Issuance of common shares held in escrow | 512,500 | - |
| Share issuance costs | (35,650) | - |
| Share issuance costs on financing proceeds held in escrow | <u>(51,250)</u> | <u>-</u> |
| Cash Flows From Financing Activities | <u>781,100</u> | <u>-</u> |
| Cash and cash equivalents inflow (outflows) | 753,005 | (137,203) |
| Cash and cash equivalents, beginning of year | <u>31,903</u> | <u>169,106</u> |
| Cash and cash equivalents, end of year | <u>\$ 784,908</u> | <u>\$ 31,903</u> |
| Cash and cash equivalents is comprised of: | | |
| Cash | \$ 3,808 | \$ 31,903 |
| Restricted cash and cash equivalents (note 6) | <u>781,100</u> | <u>-</u> |
| | <u>\$ 784,908</u> | <u>\$ 31,903</u> |

See accompanying notes to the financial statements.

Walmer Capital Corp.
Notes to the Financial Statements
(Expressed in Canadian Dollars)
Years ended December 31, 2016 and 2015

1. General Business Description

Walmer Capital Corp. (the "Corporation"), is incorporated under the *Business Corporations Act* (Alberta), and is classified as a Capital Pool Corporation ("CPC") as defined in Policy 2.4 of the TSX Venture Exchange Inc. (the "Exchange"). The Corporation has no significant assets other than cash and proposes to identify and evaluate potential acquisitions or businesses with a view to completing a Qualifying Transaction, as defined in the Exchange policy 2.4.

There is no assurance that the Corporation will identify and close a Qualifying Transaction within the time limitations permissible under the policies of the Exchange, at which time the Exchange may suspend or delist the Corporation's shares from trading. The 24 month time period to announce a Qualifying Transaction expired on May 8, 2014.

On August 13, 2016 the Corporation entered into a Purchase Agreement (the "Agreement") to acquire a 100% legal and beneficial interest in the Johan Beetz Feldspar Property, which is represented by four claims in the Province of Quebec. Under the terms of the Agreement, the Corporation will pay \$100,000 cash and issue 2.0 million common shares to the vendor by the fifth business day after the Exchange approves this Qualifying Transaction. The Agreement also requires that the Corporation is required to pay a 2.5% Gross Metal Royalty.

The Corporation also completed two private placements in December 2016 with all the funds raised restricted (see note 9) until the successful completion of the Qualifying Transaction.

The address, and principal place of business of the Corporation is 22 Coulson Ave., Toronto, Ontario M4V 1Y5.

2. Basis of Preparation

(a) Statement of compliance

These audited financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

The financial statements were authorized for issue by the Board of Directors on January 16, 2017.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis except for the following:

- (i) derivative financial instruments, if any, are measured at fair value; and
- (ii) FVTPL financial assets are measured at fair value with changes in fair value recorded in earnings.

The methods used to measure fair values are discussed in notes 3 and 5.

(c) Functional and presentation currency

These financial statements are presented in Canadian dollars, which is the Corporation's functional currency.

Walmer Capital Corp.
Notes to the Financial Statements
(Expressed in Canadian Dollars)
Years ended December 31, 2016 and 2015

2. Basis of Preparation (Continued)

(d) Adoption of new and revised standards and interpretations

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 for the relevant reporting periods and which the Company has not early adopted. However, the Company is currently assessing what impact the application of these standards or amendments will have on the financial statements of the Company.

IFRS 9 Financial Instruments

IFRS 9 Financial Instruments is part of the IASB's wider project to replace IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortized cost and fair value. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. The standard is effective for annual periods beginning on or after January 1, 2018. The Company has yet to evaluate the impact of the new standard. Earlier adoption is permitted.

3. Significant Accounting Policies

(a) Share-based payments

The Company's directors have previously received their only remuneration in the form of share-based payment transactions (options only), whereby they render services as consideration for equity instruments ("equity-settled transactions") pursuant to the Corporation's Incentive Option Plan.

In situations where equity instruments are issued and some or all of the goods or services received by the entity as consideration cannot be specifically identified, they are measured at fair value of the share-based payment.

The costs of equity-settled transactions 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 individuals 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 reflecting the Company'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.

Walmer Capital Corp.
Notes to the Financial Statements
(Expressed in Canadian Dollars)
Years ended December 31, 2016 and 2015

3. Significant Accounting Policies (Continued)

(a) Share-based payments (Continued)

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 expense is recognized 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.

The dilutive effect of outstanding options is reflected as additional dilution in the computation of earnings per share.

(b) Taxation

Income tax expense represents the sum of tax currently payable and deferred tax.

Current income 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 enacted or substantively enacted by the date of the statement of financial position.

Deferred income tax

Deferred income tax is provided using the asset and 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 assets are recognized for all deductible temporary differences, non-capital losses carry forward to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the non-capital carry forward of 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 profit or loss;

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. The temporary differences of the Company relate to non-capital losses carry-forward and deferred share issuance costs. As the Company does not expect to become profitable in the foreseeable future no deferred tax asset has been recorded.

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.

Walmer Capital Corp.
Notes to the Financial Statements
(Expressed in Canadian Dollars)
Years ended December 31, 2016 and 2015

3. Significant Accounting Policies (Continued)

(c) Valuation of equity instruments

The Company has adopted the residual method with respect to the measurement of common shares and warrants issued as private placement units or initial public offering units. Warrants attached to units are valued based on the fair value of the warrants using the Black-Scholes option pricing model and the share price at the time of financing, and the difference between the proceeds raised and the value assigned to the warrants is the residual fair value of the shares.

The proceeds from the issue of units are allocated between share capital and reserve for warrants. If and when the warrants are exercised, the applicable amounts of reserve for warrants are transferred to capital stock. Consideration paid on the exercise of the warrants is credited to share capital.

(d) 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 year. The diluted loss per share amounts are calculated by dividing net loss attributable to common shareholders by the weighted average number of shares outstanding during the year plus the weighted average number of shares that would be issued on the conversion of all the dilutive potential of warrants and options into common shares. During the years ended December 31, 2016 and 2015, shares issuable on exercise of all the outstanding stock options and warrants were not included in the computation of diluted loss per share as the effect would have been anti-dilutive.

(e) 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 the statement of comprehensive loss. The Company's cash and restricted cash and cash equivalents are classified as FVTPL.

(f) Financial liabilities

All financial liabilities are initially recorded at fair value and designated upon inception as either FVTPL or other-financial-liabilities.

Financial liabilities classified as other-financial-liabilities are initially recognized at fair value less directly attributable transaction costs. The Company's trade and other payables, flow through and financing proceeds held in escrow are classified as other-financial-liabilities.

Walmer Capital Corp.
Notes to the Financial Statements
(Expressed in Canadian Dollars)
Years ended December 31, 2016 and 2015

3. Significant Accounting Policies (Continued)

(g) Share issuance costs

Share issuance costs incurred on the issue of the Company's shares are charged directly to share capital.

(h) Use of estimates and judgments

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

Estimates and judgments 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. Accounting estimates will, by definition, seldom equal the actual results. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future years affected.

Judgments made by management that have a significant effect on the financial statements and estimates with a significant risk of material adjustment in the current and following fiscal years are discussed below. The most significant judgments and estimates relate to, but are not limited to, the following:

- Assessment of the going concern presumption to the financial statements;
- The calculation of the fair value of share-based payments and equity settled transactions requires the use of estimates of inputs in the Black-Scholes option pricing valuation model;

4. Capital Management

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the completion of a Qualifying Transaction as it continues as a going concern. The Board of Directors does not establish a quantitative return on capital criteria for management as this form of measure is irrelevant to the effective management of capital for a capital pool company at the initial stage of operations. Instead, the Board relies on the expertise of the Company's management to sustain future development of the business. The Corporation's policy when managing capital is to maintain a strong capital base for the objectives of maintaining financial flexibility, creditor and market confidence and to sustain the future development of the business. The Corporation includes only shareholders' equity in its definition of capital.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size and stage of the Company, is reasonable.

There were no changes in the Company's approach to capital management during the year ended December 31, 2016. The Company is not subject to externally imposed capital requirements.

Walmer Capital Corp.
Notes to the Financial Statements
(Expressed in Canadian Dollars)
Years ended December 31, 2016 and 2015

5. Financial Instruments and Risk Management

The Corporation's activities expose it to a variety of financial risks including credit risk and liquidity risk. This note presents information about the Corporation's exposure to each of the above risks, the Corporation's objectives, policies and processes for measuring and managing risk. Further quantitative disclosures are included throughout these financial statements. The Corporation employs risk management strategies and policies to ensure that any exposure to risk is in compliance with the Corporation's business objectives and risk tolerance levels. While the Board of Directors has the overall responsibility for the Corporation's risk management framework, the Corporation's management has the responsibility to administer and monitor these risks.

(a) Credit risk

Credit risk is the risk of financial loss to the Corporation if a counterparty fails to discharge its obligations. The financial instruments that potentially subject the Corporation to a significant concentration of credit risk consist primarily of cash. The Corporation mitigates its exposure to credit loss by maintaining its restricted cash and cash equivalents with the subscription receipt agent in escrow and the flow through proceeds in trust with their lawyer.

(b) Liquidity risk

Liquidity risk is the risk that the Corporation will encounter difficulty in meeting obligations associated with financial liabilities as they become due. The Corporation's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when due without incurring unacceptable losses or risking harm to the Corporation's reputation.

(c) Fair values

The fair value of the Corporation's trade and other payables and financing proceeds held in escrow approximates its carrying value because of the short-term nature of these financial instruments. Currently the Corporation is not involved in any hedging activities.

Financial instruments recorded at fair value on the statements of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1 - reflects valuation based on quoted prices observed in active markets for identical assets or liabilities.

Level 2 -- reflects valuation techniques based on inputs that are quoted prices of similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; inputs other than quoted prices used in a valuation model that are observable for the instrument; and inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3 - reflects valuation techniques with significant unobservable market inputs.

A financial instrument is classified to the lowest level of the hierarchy for which a significant input has been considered in measuring fair value. The financial instrument in the Corporation's financial statements measured at Level 1 fair value is cash and restricted cash and cash equivalents.

Walmer Capital Corp.
Notes to the Financial Statements
(Expressed in Canadian Dollars)
Years ended December 31, 2016 and 2015

6. Restricted Cash and Cash Equivalents

Restricted cash and cash equivalents consists of cash and cash equivalents held in escrow related to the hard dollar financing closed on December 7, 2016, \$425,600 (see Note 9) and cash held in trust related to the flow through financing closed on December 12, 2016, \$355,500 (see Note 9). The cash held in escrow and trust will be released to the Company upon completion of the Qualifying Transaction (See note 1).

7. Trade and Other Payables

Trade and other payables of the Company are substantially all comprised of amounts outstanding for professional services related to their annual audit and legal fees surrounding the Qualifying Transaction and private placement related to the flow through financing. The usual credit period taken for trade payables is between 30 and 90 days.

8. Share Capital

(a) Share Capital

The Corporation's authorized share capital consists of an unlimited number of common shares without par value and an unlimited number of preferred shares that are non-voting, subject to non-cumulative dividends at a rate set by the Board at the time of their issuance, redeemable at paid up capital at both the holder's and the Corporation's option.

(b) Stock Options

The Corporation has a stock option plan pursuant to which the Board of Directors of the Corporation may grant options to purchase common shares to the officers, directors and technical consultants of the Corporation.

The aggregate number of common shares reserved for issuance under the share option plan is set at a maximum of 10% of the total number of shares issued and outstanding at the time the options are granted. Furthermore, the aggregate number of options of shares issuable to one optionee other than a technical consultant in any 12 month period shall not exceed 5% of the total issued and outstanding common shares of the Corporation. The aggregate number of options of shares issuable to a technical consultant in any 12 month period shall not exceed 2% of the total issued and outstanding common shares of the Corporation. The exercise price of all options issued under the share option plan may not be less than the closing market price on the Exchange on the last business day prior to the date the option was granted.

Walmer Capital Corp.
Notes to the Financial Statements
(Expressed in Canadian Dollars)
Years ended December 31, 2016 and 2015

8. Share Capital (Continued)

As at December 31, 2016, the Company had 486,000 options available for issuance.

| | December 31, 2016 | | December 31, 2015 | |
|--|-------------------|---------------------------------|-------------------|---------------------------------|
| | Number of Options | Weighted Average Exercise Price | Number of Options | Weighted Average Exercise Price |
| Outstanding at beginning of year: | 500,000 | \$ 0.10 | 500,000 | \$ 0.10 |
| Transactions during period: | | | | |
| Granted to Director | 125,000 | \$ 0.10 | - | - |
| Expired | - | - | - | - |
| Cancelled | - | - | - | - |
| Balance at end of year | 625,000 | \$ 0.10 | 500,000 | \$ 0.10 |

The following table provides information about outstanding stock options at December 31, 2016:

| Expiry | Number of Options Outstanding | Weighted Average Remaining Life (Years) | Weighted Average Exercise Price (\$) | Number of Options Currently Exercisable |
|------------------|-------------------------------|---|--------------------------------------|---|
| May 3, 2022 | 500,000 | 5.34 | 0.10 | 500,000 |
| December 2, 2021 | 125,000 | 4.92 | 0.10 | 125,000 |
| | 625,000 | | | 625,000 |

During the year ended December 31, 2016, 125,000 stock options were issued. The fair value of the stock options granted was valued on the date of grant using the Black-Scholes option pricing model. In determining the fair value of the options, management is required to make assumptions that could have material impact on the valuation. The following are the assumptions used: expected term 5 years; expected volatility 100%; expected dividend yield 0%; risk free interest rate 1.03%; forfeiture rate 0%; exercise price \$0.10. The fair value of the options granted during the year ended December 31, 2016, totaled \$3,100.

(c) Warrants

The following table provides information about warrants issued and outstanding at December 31, 2016:

| Description | Expiry Date | Exercise Price (\$) | Number of Warrants | Fair Value (\$) |
|-----------------|---------------|---------------------|--------------------|-----------------|
| Broker Warrants | June 12, 2018 | 0.05 | 711,000 | 11,400 |

During the year ended December 31, 2016, 711,000 Broker Warrants were issued. The fair value of the warrants issued during the year was valued on the date of grant using the Black-Scholes option pricing model. In determining the fair value of the warrants, management is required to make assumptions that could have a material impact on the valuation. The following are the assumptions used: expected term 1.5 years; expected volatility 100%; expected dividend yield 0%; risk free interest rate 0.70%; forfeiture rate 0%; exercise price \$0.05. The fair value of the warrants granted during the year ended December 31, 2016, \$0.02, resulting in a total fair value of \$11,400.

Walmer Capital Corp.
Notes to the Financial Statements
(Expressed in Canadian Dollars)
Years ended December 31, 2016 and 2015

8. Share Capital (Continued)

(d) Private Placements

On December 7, 2016, the Corporation completed a non-brokered private placement of 10,250,000 Subscription Receipts at a price of \$0.05 per Subscription Receipt for aggregate gross proceeds of \$512,500. Upon the Release Date of the Subscription Receipts financing, each Subscription Receipt will entitle the holder to receive one Unit consisting of one common share and one half common share purchase warrant. Each full warrant entitles the holder to acquire one common share of the Corporation at a price of \$0.10 expiring eighteen months from the Closing Date. Cash share issuance costs includes both a corporate finance fee and sales commission paid to the Finder of \$10,250 and \$41,000, respectively. In addition, upon closing of this private placement, the Finder will receive corporate finance options and selling compensation options (collectively the "Broker Warrants") entitling the Finder to acquire 205,000 Units and 820,000 Units, respectively. These Units have the same terms and conditions as those Units to be issued to the holders of the Subscription Receipts.

On December 12, 2016, the Corporation completed a non-brokered private placement through the issuance of 7,110,000 flow-through shares at \$0.05 per share for gross proceeds of \$355,500. Cash share issuance costs includes both a corporate finance fee and sales commission paid to the Finder of \$7,110 and \$28,440, respectively (See note 9 for discussion on amounts held in escrow.) In addition, the Finder received corporate finance options and selling compensation warrants (collectively the "Broker Warrants") entitling the Finder to acquire 142,200 shares and 568,800 shares, respectively. These flow-through shares have the same terms and conditions as those issued under the terms of this private placement, but expire on June 12, 2018.

Resulting from the flow-through shares issued during the year ended December 31, 2016, \$71,100 of the gross proceeds were allocated as a flow-through share premium, equal to the estimated premium that the subscribers paid for the flow-through tax benefit. As expenditures are incurred against the Corporation's associated flow-through commitment, the premium liability will be charged to operations, offset as a deferred income tax recovery.

9. Financing Proceeds and Shares Held in Escrow

Pursuant to the agreement signed between the Corporation, First Republic and Garfinkle Biderman LLP (the "Lawyer"), the financing proceeds, net of finder's fee commissions, received by the Corporation from both the hard dollar and flow-through financing, which closed on December 7 and 12, 2016 respectively, will be held in escrow by the Lawyer until the completion, satisfaction or waiver of all conditions precedent to the Qualifying Transaction. Further, pending occurrence of the release event disbursements and legal expenses of First Republic up to a maximum of \$45,000 plus disbursements and applicable taxes will be paid by the Company.

In conjunction with the escrow proceeds, the Lawyer holds in escrow subscription receipt units related to the hard dollar financing, in the total amount of 10,250,000 units, to be released upon completion or waiver of the Qualifying Transaction. In addition, all related broker warrants on the hard dollar financing are held in escrow and have not been reflected in these financial statements.

The deadline to release the escrow shares and proceeds is January 31, 2017, at 5:00pm Eastern Standard time. At such time if the Qualifying Transaction has not occurred, the funds will be returned to each of the subscription holder's, less any applicable withholding taxes, if any. Any shortfall arising as a result of payment of the finder's fees on the closing date, the Corporation shall pay the amount of the shortfall. The related financing proceeds held in escrow and restricted cash and cash equivalents are summarized below:

Walmer Capital Corp.
Notes to the Financial Statements
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9. Financing Proceeds and Shares Held in Escrow (Continued)

| | |
|--|-------------------|
| Total amount raised on hard dollar financing | \$ 512,500 |
| Less: Share issuance costs paid on hard dollar financing | (51,250) |
| Financing proceeds held in escrow on hard dollar financing | 461,250 |
| Add: Total amount raised on flow through financing | 355,500 |
| Less: FT share issuance costs paid | (35,650) |
| Total restricted cash and cash equivalents | <u>\$ 781,100</u> |

10. Income Taxes

(a) Provision for Income Taxes

The Company's income tax provision differs from the amount resulting from the application of the Canadian statutory income tax rate. A reconciliation of the combined Canadian federal and provincial income tax rates with the Company's effective tax rate is as follows:

| For the year ended December 31, | 2016 | 2015 |
|--|-----------------|-------------|
| | \$ | \$ |
| Loss before income taxes | (39,148) | (96,440) |
| Combined statutory rate | 25% | 25% |
| | (9,800) | (24,100) |
| Share issuance costs | (8,500) | (7,200) |
| Share based compensation | 800 | - |
| Change in valuation allowance | 17,500 | 31,300 |
| | - | - |

The Canadian statutory income tax rate of 25% (2015 – 25%) is comprised of the federal income tax rate at approximately 15.00% (2015 – 15%) and the provincial income tax rate of approximately 10% (2015–10%).

The unamortized balance, for income tax purposes, of the share issuance fees amounts to approximately \$34,073 (2015 - \$21,196) and will be deductible in Canada over the next several years.

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10. Income Taxes (Continued)

(b) Tax Loss Carry-forwards

The Company has accumulated non-capital losses of \$425,000 which may be deducted in the calculation of taxable income in future years. The losses expire from 2031 to 2036.

(c) Deferred Tax Balances

The deferred income tax asset is compromised of the following temporary differences:

| As at December 31, | 2016 | 2015 |
|---------------------------------|------------------|-------------|
| Non-capital loss carry forwards | 106,000 | 89,000 |
| Unamortized financing costs | 9,000 | 5,000 |
| Valuation allowance | (115,000) | (94,000) |
| | \$ - | \$ - |

11. Commitments

Pursuant to the terms of the flow-through share agreements, the Company is in the process of complying with its flow-through contractual obligations with subscribers with respect to the Income Tax Act (Canada) requirements for flow-through shares. As at December 31, 2016, the Company is committed to incurring \$355,500 in Exploration Expenditures by December 31, 2017, arising from the flow-through offering.

APPENDIX B - WALMER MANAGEMENT'S DISCUSSION AND ANALYSIS

Walmer Capital Corp.
(a capital pool corporation)

Management's Discussion and Analysis

Years ended December 31, 2016 and 2015

Walmer Capital Corp.

Management's Discussion and Analysis

Years ended December 31, 2016 and 2015

The following management's discussion and analysis ("MD&A") should be read in conjunction with the Corporation's audited financial statements and notes thereto for the year ended December 31, 2016. Additional information relating to the Corporation is available on SEDAR at www.sedar.com.

This MD&A was prepared by management of Walmer Capital Corp. (the "Corporation"), and it and the audited financial statements of the Corporation for the year ended December 31, 2016 were approved by the Board of Directors on January 16, 2017. All amounts are in Canadian dollars unless otherwise stated.

Forward-Looking Statements

Certain statements contained in this document constitute "forward-looking statements". When used in this document, the words "may", "would", "could", "will", "intend", "plan", "propose", "anticipate", "believe", used by any of the Corporation's management, are intended to identify forward-looking statements. Such statements reflect the Corporation's forecasts, estimates and expectations, as they relate to the Corporation's current views with respect to future events and are subject to certain risks, uncertainties and assumptions. Many factors could cause the Corporation's actual results, performance or achievements to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements. Given these risks and uncertainties, readers are cautioned not to place undue reliance on such forward-looking statements. The Corporation does not intend, and does not assume any obligation, to update any such factors or to publicly announce the result of any revisions to any of the forward-looking statements contained herein to reflect future results, events or developments, except as required by law, regulatory practice or requirement.

Description of the Business

The Corporation was incorporated under the Business Corporations Act (Alberta) June 27, 2011 and December 31 is the date of its fiscal year end.

The Corporation is classified as a Capital Pool Company ("CPC") for the purposes of the policies of the TSX Venture Exchange (the "Exchange"). The Corporation has completed a final prospectus dated February 7, 2012 and listed its common shares on the Exchange on May 8, 2012.

Its registered head office is located 1500, 850 2nd Street S. W., Calgary, Alberta, Canada T2P 0R0 and it conducts its business from 22 Coulson Avenue in Toronto, Ontario, Canada M4V 1Y5.

The Corporation's business is to identify and evaluate businesses and assets with a view to completing a "Qualifying Transaction" as defined in the policies of the Exchange. Any proposed Qualifying Transaction must be accepted by the Exchange and in the case of a non-arm's length Qualifying Transaction is also subject to "majority of the minority approval" in accordance with Policy 2.4 of the Exchange. To date, the Corporation has not conducted commercial operations. The Corporation had entered into a Letter of Intent as of April 1, 2014 (the "LOI") with a view to completing a Qualifying Transaction, which LOI has now been terminated. An Agreement for a new Qualifying Transaction was then entered into on March 25, 2015. A Comprehensive Press Release pursuant to the Policies of the Exchange was issued on March 26, 2015 and is available on www.sedar.com. However, the Corporation was unable to complete this proposed Qualifying Transaction owing to the inability to raise the \$1,000,000 to fund the purchase and exploration programme called for. As a result, a further press release was issued on February 1, 2016 terminating the Agreement.

On August 17, 2016, the Company issued a Comprehensive Press Release announcing the signing of an agreement to acquire the Johan Beetz Feldspar property and its intention that this be the Corporation's Qualifying Transaction. It further expressed its intention to raise additional equity capital to fund the acquisition of the property and its exploration. A National Instrument 43-101 Technical Report is expected to be filed on SEDAR soon and the Qualifying Transaction is expected to close in January 2017. Towards these ends, the Company closed two financing transactions of Issues of Flow Through Shares and Subscription Receipts on December 7, 2016 and December 12, 2016 respectively. In conjunction with these financings the Corporation issued 7,110,000 Flow Through Shares for gross proceeds of \$355,500 and

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10,250,000 Subscription Receipts, exchangeable upon closing of a Qualifying Transaction, into one common share and one half warrant.

The proposed Qualifying Transaction commits the Corporation to paying cash of \$100,000 and issue 2,000,000 common shares to the vendor by the fifth business day after the Exchange approves this Qualifying Transaction. The Corporation is further required to pay a 2.5% Gross Metal Royalty.;

The Corporation has no fixed exploration requirement but expects to be commencing ground exploration in Spring 2017 as the weather at site is unfavourable until then.

Until completion of a Qualifying Transaction, the Corporation will not carry on any business other than the identification and evaluation of businesses or assets with a view to completing a potential Qualifying Transaction. With the consent of the Exchange, this may include the raising of additional funds in order to finance an acquisition. Except as described in the Corporation's final CPC prospectus dated February 7, 2012 the funds raised pursuant to the Corporation's initial public offering and any subsequent financing have been utilized only for the identification and evaluation of potential Qualifying Transactions and not for any deposit, loan or direct investment in a potential acquisition except as may be permitted by Exchange policies.

Selected Financial Information

The following selected financial data is derived from the financial statements of the Corporation prepared within acceptable limits of materiality and are in accordance with International Financial Reporting Standards ("IFRS").

| Statement of Financial Position data | As at December 31, 2016 | As at December 31, 2015 |
|--|----------------------------|----------------------------|
| Cash and restricted cash and equivalents\$ | 784,908 | \$ 31,903 |
| Total current liabilities | 557,742 | 18,250 |
| Total Shareholders' Equity | 229,700 | 23,940 |

Results of Operations

The Corporation does not have any operations and may not conduct any business other than the identification and evaluation of business and assets for potential acquisition. Net loss for the year ended December 31, 2016 was \$39,148 (2015 - \$96,440). The only expenditures recognized during the year ended December 31, 2016 were \$39,148 in professional and filing fees (2016 - \$57,440) to maintain the public company status of the Corporation and an additional \$39,000 in the 2015 period for property acquisition costs.

Summary of Quarterly Results

Historical quarterly information of the eight most recently completed quarters is as follows:

| | Mar. 31, 2015 | June 30 2015 | Sept. 30, 2015 | Dec. 31, 2015 | Mar. 31, 2016 | June 30. 2016 | September 30, 2016 | December 31, 2016 |
|---------|------------------|-----------------|-------------------|------------------|------------------|------------------|-----------------------|----------------------|
| Revenue | - | - | - | - | - | - | - | - |

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| | | | | | | | | |
|----------------|--------|--------|--------|--------|--------|--------|--------|--------|
| Net loss | 33,624 | 15,579 | 26,534 | 20,703 | 1,883 | 7,556 | 8,063 | 21,646 |
| Loss per share | (0.01) | (0.00) | (0.01) | (0.01) | (0.00) | (0.00) | (0.00) | (0.01) |

Liquidity, Capital Resources, and Outlook

An initial public offering ("Offering") was completed on May 3, 2012 raising gross proceeds of \$300,000 pursuant to a prospectus dated February 7, 2012. An aggregate of 3,000,000 Common shares in the capital of the Corporation (the "Shares") were subscribed for at a price of \$0.10 per share. The Shares began trading under the stock symbol WAL.P on May 8, 2012.

The Agent received a cash commission equal to 10% of the gross proceeds of the Offering and an option (now expired unexercised) to purchase 300,000 Shares at a price of \$0.10 per share for a period of 24 months from the date of listing of the Shares on the TSX Venture Exchange ("Exchange")(now expired unexercised). The Agent also received a corporate finance fee of \$15,000.

The Corporation granted 500,000 incentive options to its directors and officers which are exercisable within 10 years from the date of the grant at an exercise price of \$0.10 per share.

As a result of the closing of the Offering, the Corporation had 5,000,000 Shares issued and outstanding until the cancellation of 50% being one million of the Founders' shares on August 7, 2014, owing to the failure to complete a Qualifying Transaction within the prescribed two year period. As a result, there are now 4,000,000 shares outstanding. The cancellation effectively repriced the Founders' shares to \$0.10 per share, the same price as the 3,000,000 IPO shares were issued at. At the same time, the Corporation's shares were relegated to the NEX exchange and the symbol therefor was changed to WAL.H.

As at December 31, 2016 the Corporation had \$784,908 in cash and cash equivalents, and \$557,742 in liabilities. \$781,100 of the cash and cash equivalents was restricted with the condition for its release being the completion of the Qualifying Transaction, expected later in January (see below for discussion on financings related to restricted cash and cash equivalents). \$461,250 of the liabilities similarly are in respect of the Subscription Receipts issue which will automatically convert to 10,250,000 shares and 5,125,000 warrants upon Completion of the Qualifying Transaction, which liability will be converted to Share capital and Warrants upon Closing of the Qualifying Transaction..

On December 7, 2016, the Corporation completed a non-brokered private placement of 10,250,000 Subscription Receipts at a price of \$0.05 per Subscription Receipt for aggregate gross proceeds of \$512,500. Upon the Release Date of the Subscription Receipts financing, each Subscription Receipt will entitle the holder to receive one Unit consisting of one common share and one half common share purchase warrant. Each full warrant entitles the holder to acquire one common share of the Corporation at a price of \$0.10 expiring eighteen months from the Closing Date. Cash share issuance costs includes both a corporate finance fee and sales commission paid to the Finder of \$10,250 and \$41,000 respectively. In addition, upon closing of the private placement, the Finder will receive corporate finance options and selling compensation options (collectively the "Broker Warrants") entitling the Finder to acquire 205,000 Units and 820,000 Units, respectively. These Units have the same terms and conditions as those Units to be issued to the holders of the Subscription Receipts.

On December 12, 2016, the Corporation completed a non-brokered private placement through the issuance of 7,110,000 flow-through shares at \$0.05 per share for gross proceeds of \$355,500. In connection with the flow-through private placement 711,000 broker warrants were issued exercisable at \$0.05 per warrant to acquire 711,000 common shares expiring on June 12, 2018. Cash share issuance costs includes both a corporate finance fee and sales commission paid to the Finder of \$7,110 and \$28,440 respectively. In addition, the Finder received corporate finance options and selling compensation options (collectively the "Broker Warrants") entitling the Finder to acquire 142,200 shares and 568,800 shares, respectively.

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Resulting from the flow-through shares issued during the year ended December 31, 2016, \$71,100 of the gross proceeds were allocated as a flow-through share premium, equal to the estimated premium that the subscribers paid for the flow-through tax benefit. As expenditures are incurred against the Corporation's associated flow-through commitment, the premium liability will be charged to operations, offset as a deferred income tax recovery.

Pursuant to the agreement signed between the Corporation, First Republic and Garfinkle Biderman LLP (the "Lawyer"), the financing proceeds, net of finder's fee commissions, received by the Corporation from both the hard dollar and flow-through financing will be held in escrow by the Lawyer until the completion, satisfaction or waiver of all conditions precedent to the Qualifying Transaction. Further, pending occurrence of the release event disbursements and legal expenses of First Republic up to a maximum of \$45,000 plus disbursements and applicable taxes will be paid by the Company.

In conjunction with the escrow proceeds, the Lawyer holds in escrow subscription receipt units related to the hard dollar financing, in the total amount of 10,250,000 units, to be released upon completion or waiver of the Qualifying Transaction. In addition, all related broker warrants on the hard dollar financing are held in escrow and have not been reflected in these financial statements.

The deadline to release the escrow shares and proceeds is January 31, 2017, at 5:00pm Eastern Standard time. At such time if the Qualifying Transaction has not occurred, the funds will be returned to each of the subscription receipt holders, less any applicable withholding taxes, if any. Any shortfall arising as a result of payment of the finder's fees on the closing date shall be paid by the Corporation.

The Corporation has committed and each of its Directors has undertaken to ensure that no proceeds of the Flow Through share Issue be used until the Closing of the QT.

Off-Balance Sheet Arrangements

There are no off-balance sheet arrangements as at December 31, 2016.

Subsequent Events

Counsel for the Corporation, Garfinkle Biderman LLP of Toronto are preparing the Filing Statement for review by the Exchange which is expected to take place in the coming days

The Corporation has also announced the intention to change its name to EnerSpar Corp. and anticipates a corresponding change of symbol if, as and when it is readmitted to trading on the TSX Venture Exchange.

Critical Accounting Policies and Estimates

Use of estimates and judgments

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

Estimates and judgments are continually evaluated and are based on historical experience and

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other factors, including expectations of future events that are believed to be reasonable under the circumstances. Accounting estimates will, by definition, seldom equal the actual results. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future years affected.

Judgments made by management that have a significant effect on the financial statements and estimates with a significant risk of material adjustment in the current and following fiscal years are discussed below. The most significant judgments and estimates relate to, but are not limited to, the following:

- Assessment of the going concern presumption to the financial statements;
- The calculation of the fair value of share-based payments and equity settled transactions requires the use of estimates of inputs in the Black-Scholes option pricing valuation model;

Valuation of equity instruments

The Company has adopted the residual method with respect to the measurement of common shares and warrants issued as private placement units or initial public offering units. Warrants attached to units are valued based on the fair value of the warrants using the Black-Scholes option pricing model and the share price at the time of financing, and the difference between the proceeds raised and the value assigned to the warrants is the residual fair value of the shares.

The proceeds from the issue of units are allocated between share capital and reserve for warrants. If and when the warrants are exercised, the applicable amounts of reserve for warrants are transferred to capital stock. Consideration paid on the exercise of the warrants is credited to capital stock.

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 the statement of comprehensive loss. The Company's cash and restricted cash and cash equivalents are classified as FVTPL.

Financial liabilities

All financial liabilities are initially recorded at fair value and designated upon inception as either FVTPL or other-financial-liabilities.

Financial liabilities classified as other-financial-liabilities are initially recognized at fair value less directly attributable transaction costs. The Company's trade and other payables, flow through premium liability and financing proceeds held in escrow are classified as other-financial-liabilities

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Financial Instruments and Other Instruments

The Corporation's financial instruments consist of cash, restricted cash and accounts payable and accrued liabilities. It is management's opinion that the Corporation is not exposed to significant interest, currency or credit risks arising from these financial instruments and that the fair value of these financial instruments approximates their carrying values.

Risks and Uncertainties

The Corporation has a limited history of existence. There can be no assurance that a Qualifying Transaction will be completed. There can be no assurance that the Corporation will be able to obtain adequate financing to continue its exploration beyond the first year program which would be financed by the release of the escrowed funds from the completion of the Qualifying Transaction. The securities of the Corporation should be considered a highly speculative investment. The following risk factors should be given special consideration when evaluating an investment in any of the Corporation's securities:

- (a) until completion of a Qualifying Transaction, the Corporation is not permitted to carry on any business other than the identification and evaluation of potential Qualifying Transactions;
- (b) the Corporation has only limited funds with which to identify and evaluate potential Qualifying Transactions and there can be no assurance that the Corporation will be able to identify a suitable Qualifying Transaction;
- (c) even when a proposed Qualifying Transaction has been identified, there can be no assurance that the Corporation would be able to successfully complete the transaction;
- (d) a Qualifying Transaction may need to be financed in all or part by the issuance of additional securities by the Corporation and this may result in further dilution to the investor, which dilution may be significant and which may also result in a change of control of the Corporation; and
- (e) there can be no assurance that an active and liquid market for the common shares will develop and an investor may find it difficult to resell its common shares;
- (f) since the public announcement of the first proposed Qualifying Transaction, trading in the common shares has been halted (and subsequently suspended) and will remain halted and suspended for an indefinite period of time, typically until a Sponsor has been retained and certain preliminary reviews have been conducted. The common shares may be reinstated to trading before the Exchange has reviewed a subsequent proposed transaction and before a Sponsor has completed its full review (but is expected to remain suspended until the completion or termination of a proposed Qualifying Transaction). Reinstatement to trading provides no assurance with respect to the merits of the transaction or the likelihood of the Corporation completing a proposed Qualifying Transaction; and
- (g) trading in the common shares may be halted at other times for other reasons, including for failure by the Corporation to submit documents to the Exchange or file them on SEDAR in the time periods required.
- (h) the proposed Qualifying Transaction being the acquisition of a resource property would expose the Corporation to all of the inherent risks of activity in the resource world including fluctuating commodity and other resource prices, exploration risk, environmental risk, management risk, and potentially construction, financing, production, safety and other execution risks if the Corporation were to go beyond the exploration stage and seek to put a resource project into production.

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Management's Discussion and Analysis
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Disclosure of Outstanding Share Data

As at the date of this MD&A, the following is a description of the outstanding equity securities and convertible securities previously issued by the Corporation:

| Voting or equity securities: | Authorized | Outstanding |
|------------------------------|-------------------------|---------------------------|
| | Unlimited Common Shares | 11,110,000 Common Shares. |

The anticipated share issues referred to above will result in the issue of 2,000,000 shares to Globex, 10,500,000 shares ultimately to Subscription Receipt subscribers, 5,250,000 share purchase warrants in that connection and Broker Warrants numbering 1,050,000 for units and 711,000 for shares.

Disclosure Controls and Procedures

Management has designed disclosure controls and procedures to provide reasonable assurance that material information relating to the Corporation is made known to the Chief Executive Officer and the Chief Financial Officer by others within the Corporation, in an accurate and timely manner in order for the Corporation to comply with its continuous disclosure and financial reporting obligations and in order to safeguard assets.

Other Information

Additional information about the Corporation is available on SEDAR at www.sedar.com.

The Corporation is grateful for the patience of its shareholders and other stakeholders through the long path leading to its Qualifying Transaction and looks forward to its pending more dynamic existence. It welcomes queries from its shareholders and looks forward to the launch of its own website as part of a programme of being able to keep its shareholders fully informed of its activities and progress.

"James A. Richardson"

Chief Executive Officer

January 17, 2017

APPENDIX C - WALMER PRO FORMA CONSOLIDATED BALANCE SHEET

Walmer Capital Corp.
(a capital pool corporation)

**Unaudited Pro Forma Statement of Financial Position
as at December 31, 2016**
(Expressed in Canadian Dollars)

Walmer Capital Corp.*(a capital pool corporation)***UNAUDITED PRO FORMA STATEMENT OF FINANCIAL POSITION****As at December 31, 2016***(Expressed in Canadian Dollars)*

| | Actual as at December 31, 2016 | Pro forma Adjustments | | Pro forma as at December 31, 2016 |
|--------------------------------------|--------------------------------------|-----------------------|--------------------|--|
| | | Amount | Note References | |
| Assets | | | | |
| Current assets | | | | |
| Cash | \$ 3,808 | \$ (100,000) | 3(a) | \$ 684,908 |
| Restricted cash and cash equivalents | 781,100 | 781,100 | 3(b) | - |
| HST recoverable | 2,534 | | | 2,534 |
| | 787,442 | (145,000) | | 642,442 |
| | | 200,000 | 3(a) | |
| Mineral Property | - | 20,000 | 3(g) | 220,000 |
| | \$ 787,442 | \$ 55,000 | | \$ 907,442 |
| Liabilities | | | | |
| Current liabilities | | | | |
| Trade and other payables | \$ 25,392 | \$ 10,008 | 3(d) | \$ 35,400 |
| Flow through premium liability | 71,100 | | | 71,100 |
| Financing proceeds held in escrow | 461,250 | (461,250) | 3(c) | - |
| | 557,742 | (451,2242) | | 106,500 |
| Shareholders' Equity | | | | |
| | | 100,000 | 3(a) | |
| | | 461,250 | 3(c) | |
| | | (10,008) | 3(d) | |
| | | (47,400) | 3(e) | |
| | | (9,500) | 3(f) | |
| Share capital (Note 5) | 471,134 | 20,000 | 3(g) | 985,476 |
| | | 47,400 | 3(e) | |
| Warrants | 27,194 | 9,500 | 3(f) | 84,094 |
| Contributed surplus | 34,165 | | | 34,165 |
| Deficit | (302,793) | | | (302,793) |
| | 229,700 | 506,242 | | 800,942 |
| | \$ 787,442 | \$ 55,000 | | \$ 907,442 |

Walmer Capital Corp.

(a capital pool corporation)

UNAUDITED NOTES TO PRO FORMA STATEMENT OF FINANCIAL POSITION

As at December 31, 2016

(Expressed in Canadian Dollars)

1. Basis of Presentation

Walmer Capital Corp. (the "Corporation"), is incorporated under the *Business Corporations Act* (Alberta) and is classified as a Capital Pool Corporation ("CPC") as defined in Policy 2.4 of the TSX Venture Exchange (the "Exchange"). The Corporation has no significant assets other than cash and proposes to identify and evaluate potential acquisitions or businesses.

On August 13, 2016 the Corporation entered into a Purchase Agreement (the "Agreement") with Globex Mining Enterprises Inc. ("Globex") to acquire 100% legal and beneficial interest in the Johan Beetz Feldspar Property, which is comprised of four claims in the Province of Quebec.

The Corporation closed a non-brokered private placement on December 6, 2016, of 10,250,000 Subscription Receipts at a price of \$0.05 per Subscription Receipt for aggregate gross proceeds of \$512,500. Each Subscription Receipt entitles the holder to receive one Unit consisting of one common share and half common share purchase warrant. Each full warrant entitles the holder to acquire one common share of the Corporation at a price of \$0.10 expiring eighteen months from the closing date.

In connection with the non-brokered private placement, cash share issuance costs include both a corporate finance fee and sales commission paid to the Finder of \$10,250 and \$41,000 respectively. In addition the Finder will receive corporate finance options and selling compensation options (collectively the "Broker Warrants") entitling the Finder to acquire 1,025,000 units. These units have the same terms and conditions as the Units to be issued to the holders of the Subscription Receipts.

The Corporation closed a non-brokered private placement on December 12, 2016, of 7,110,000 Flow Through Shares at a price of \$0.05 per share for gross proceeds of \$355,500.

In connection with the non-brokered Flow Through private placement, cash share issuance costs include both a corporate finance fee and sales commission paid to the Finder of \$7,110 and \$28,440 respectively. In addition the Finder received corporate finance options and selling compensation options (collectively the "Broker Warrants") entitling the Finder to acquire 711,000 flow through shares. These flow through shares have the same terms and conditions as those issued under the terms of this private placement.

Pursuant to an agreement entered into by the Corporation with First Republic and Garfinkle Biderman LLP (the "Lawyer"), the financing proceeds, net of finder's fee commission, received by the Corporation from both the hard dollar and flow-through financing, will be held in escrow by the Lawyer until the completion, satisfaction or waiver of all conditions precedent to the Qualifying Transaction.

The accompanying unaudited pro forma statement of financial position as at December 31, 2016 of the Corporation have been prepared by management using information derived from:

- Annual Audited financial statements of Walmer Capital Corp. as at and for the year ended December 31, 2016.
- The terms of the Agreement with Globex dated August 13, 2016.

The unaudited pro forma statement of financial position has been prepared for inclusion in the Filing Statement of the Corporation dated March 22, 2017.

Walmer Capital Corp.

(a capital pool corporation)

UNAUDITED NOTES TO PRO FORMA STATEMENT OF FINANCIAL POSITION**As at December 31, 2016**

(Expressed in Canadian Dollars)

1. Basis of Presentation *(Continued)*

Accounting policies used in the preparation of the pro forma financial statements are in accordance with those disclosed in the audited financial statements of the Corporation which were all prepared in accordance with International Financial Reporting Standards ("IFRS").

This unaudited pro forma statement of financial position should be read in conjunction with the financial statements of the Corporation for the applicable period noted, including the notes thereto and the related Filing Statement of the Corporation.

The unaudited pro forma statement of financial position gives effect to the proposed transaction described above as if it occurred on December 31, 2016.

The pro forma financial statements are not intended to be indicative of the financial position of the Corporation which would have actually resulted had the proposed transactions described above and other pro forma adjustments occurred as assumed. Furthermore, the pro forma financial statements are not necessarily indicative of the financial position and results that may be achieved in the future.

2. Proposed Transaction

On August 13, 2016 the Corporation and Globex entered into a Purchase Agreement (the "Agreement") pursuant to which the Corporation will acquire 100% legal and beneficial interest in the Feldspar Property located in Johan Beetz/Iles et ilets de Mingan 03 Township, Province of Quebec and comprised of four claims. The corporation will pay \$100,000 cash and issue 2.0 million common shares to Globex in accordance with the terms of the Qualifying Transaction. The Agreement also requires that the Corporation is required to pay a 2.5% Gross Metal Royalty.

3. Pro forma Adjustments

The pro forma financial statements have been prepared as if the transactions described above occurred on December 31, 2016.

Following Completion of the Qualifying Transaction:

- a) The Corporation will have acquired 100% interest in the Feldspar Property comprising of four claims in the Province of Quebec for a total consideration of \$200,000 owing to Globex. The Company is to pay \$100,000 cash plus issue of 2.0 million common shares with a total fair value of \$100,000 (see note 5).
- b) Restricted cash and cash equivalents held in escrow in the amount of \$781,100 is to be released to the Corporation.
- c) Upon closing of the Qualifying Transaction the financing proceeds held in escrow liability of \$461,250, net of issue costs, will be transferred to share capital. The 10,250,000 subscription receipts held in escrow pursuant to the hard dollar financing will be released and automatically converted into their constituent elements of shares and warrants without further action by or cost to the holders.

Walmer Capital Corp.

(a capital pool corporation)

UNAUDITED NOTES TO PRO FORMA STATEMENT OF FINANCIAL POSITION**As at December 31, 2016**

(Expressed in Canadian Dollars)

3. Pro forma Adjustments *(Continued)*

- d) Additional share issuance costs of \$10,008 in legal fees to Garfinkle Biderman LLP; is to be recognized as a reduction to share capital.
- e) Related to the hard dollar financing, subscriber warrants are fair valued using the Black Scholes option pricing model at the grant date and will be recognized at a fair value of \$47,400. These warrants are exercisable at a price of \$0.10 expiring eighteen months from the closing date.
- f) Related to the hard dollar financing, broker warrants are fair valued using the Black Scholes option pricing model at the grant date and will be recognized at a fair value of \$9,500. These warrants are exercisable at a price of \$0.10 expiring eighteen months from the closing date.
- g) The Company is to issue 400,000 common shares for total consideration of \$20,000 as mineral property finder's fee to Nathan Rotstein.

4. Pro forma Assumptions

The unaudited pro-forma statement of financial position incorporates the following pro-forma assumptions:

The acquisition of the Feldspar Property pursuant to the Qualifying Transaction, constitutes an asset acquisition and not an acquisition of a Target Company (as defined by the Exchange). As such these pro-forma financial statements do not reflect a consolidation of the Corporation and Globex, but reflect the impact of the acquisition of the Feldspar Property.

Upon completion of the Qualifying Transaction, the financing proceeds and the shares and warrants related to the Subscription Receipts held in escrow by the Lawyer will be released to the Corporation and Subscribers, respectively.

The fair value of the 5,125,000 subscriber warrants, related to the hard-dollar financing Subscription Units, was valued on the date of grant using the Black-Scholes option pricing model. In determining the fair value of the warrants, management made the following estimates: expected term 1.5 years; expected volatility 100%; expected dividend yield 0%; risk free interest rate of 0.76%; forfeiture rate 0%; exercise price \$0.10. The fair value of the subscriber warrants granted was \$0.01, resulting in a total fair value of \$47,400.

The fair value of the 1,025,000 broker warrants, related to the hard-dollar financing, was valued on the date of grant using the Black-Scholes option pricing model. In determining the fair value of the warrants, management made the following estimates: expected term 1.5 years; expected volatility 100%; expected dividend yield 0%; risk free interest rate of 0.76%; forfeiture rate 0%; exercise price \$0.10. The fair value of the broker warrants granted was \$0.01, resulting in a total fair value of \$9,500.

Walmer Capital Corp.*(a capital pool corporation)***UNAUDITED NOTES TO PRO FORMA STATEMENT OF FINANCIAL POSITION****As at December 31, 2016***(Expressed in Canadian Dollars)***4. Pro forma Assumptions (Continued)**

The fair value of the 711,000 broker warrants, related to the flow through financing, was valued on the date of grant using the Black-Scholes option pricing model. In determining the fair value of the warrants, management made the following estimates: expected term 1.5 years; expected volatility 100%; expected dividend yield 0%; risk free interest rate of 0.76%; forfeiture rate 0%; exercise price \$0.05. The fair value of the broker warrants granted was \$0.02, resulting in a total fair value of \$11,400.

4. Pro forma Assumptions (Continued)

The accrual of \$10,008 in share issuance costs relates to legal fees expected to be incurred for the hard-dollar private placement to the lawyer.

5. Pro Forma Share Capital

| | Number of Common Shares | Share Capital |
|---|--|--------------------------|
| Opening Balance at January 1, 2016 | 4,000,000 | \$ 240,726 |
| Issuance of common shares to Globex | 1 2,000,000 | 100,000 |
| Issuance of common shares (hard-dollar financing) | 10,250,000 | 512,500 |
| Issuance of flow through shares | 7,110,000 | 355,500 |
| Issuance of shares as a mineral property finder's fee | 400,000 | 20,000 |
| Share issuance costs (hard-dollar financing) | | (61,258) |
| Share issuance costs (flow through financing) | | (42,592) |
| Value assigned to subscriber warrants (hard-dollar financing) | | (47,400) |
| Value assigned to broker warrants (hard-dollar financing) | | (9,500) |
| Value assigned to broker warrants (flow through financing) | | (11,400) |
| Premium on flow through financing | | (71,100) |
| | 23,760,000 | \$ 985,476 |

- 1) The market price of the Corporation's common share was assumed to be \$0.05 based on guidance from the TSX Venture Exchange regarding *Minimum Pricing Requirements*.

6. Pro-forma statutory income tax rate

The pro forma effective statutory income tax rate will be 25%. The Corporation was incorporated under the *Business Corporation Act (Alberta)* on June 27, 2011.

TSX Venture Exchange

Dear Sirs/Mesdames:

re: Walmer Capital Corp. (the "Corporation")

We refer to the Filing Statement of the Company dated March 22, 2017 relating to the acquisition of the Johan Beetz Feldspa Mineral Property from Globex Mining Enterprises Inc.

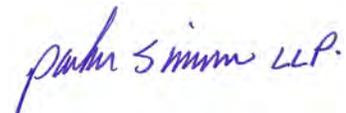
We consent to being named in and to the use in the above-mentioned Filing Statement, of our report dated February 14, 2017 on the following audited financial statements:

- Statements of financial positions as at December 31, 2016 and 2015
- Statements of Loss and Comprehensive Loss for the years ended December 31, 2016 and 2015
- Statement of Changes in Equity for the years ended December 31, 2016 and 2015
- Statements of Cash Flows for the years ended December 31, 2016 and 2015

We report that we have read the Filing Statement and all information therein and have no reason to believe that there are any misrepresentations in the information contained therein that are derived from the financial statements upon which we have reported or that are within our knowledge as a result of our audit of such financial statements. We have complied with Canadian generally accepted standards for an auditor's consent to the use of a report of the auditor included in an offering document, which does not constitute an audit or review of the Filing Statement as these terms are described in the CPA Canada Handbook – Assurance.

This letter is provided solely for the purpose of assisting the TSX Venture Exchange to which it is addressed in discharging its responsibilities and should not be used for any other purpose.

March 21, 2017



CERTIFICATES

Certificate of Walmer Capital Corp.

The foregoing constitutes full, true and plain disclosure of all material facts relating to the securities of Walmer Capital Corp. assuming Completion of the Qualifying Transaction.

(signed) "James A. Richardson"
Chief Executive Officer

(signed) "John M. Arnold"
Chief Financial Officer

On Behalf of the Board

(signed) "Peter Andrews"
Peter Andrews
Director

(signed) "Peter Bloch"
Peter Bloch
Director

ACKNOWLEDGEMENT

“Personal Information” means any information about an identifiable individual, and includes information contained in any Items in the attached filing statement that are analogous to Items 4.2, 11, 13.1, 16, 18.2, 19.2, 24, 25, 27, 32.3, 33, 34, 35, 36, 37, 38, 39, 41 and 42 of Form 3D2 of the TSXV, as applicable.

The undersigned acknowledges and agrees that it has obtained the express written consent of each individual related or connected to the undersigned to:

(a) the disclosure of Personal Information (which, for the purposes hereof, means any information about an identifiable individual) by the undersigned to the TSXV (as defined in Appendix 6B) pursuant to this Filing Statement; and

(b) the collection, use and disclosure of Personal Information by the TSXV for the purposes described in Appendix 6B or as otherwise identified by the TSXV from time to time.

WALMER CAPITAL CORP.

(signed) “*James A. Richardson*”

James A. Richardson

Chief Executive Officer and Director

I have authority to bind the corporation.