

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.

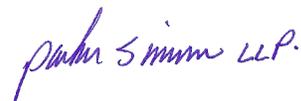
Opinion

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
(Expressed in Canadian Dollars)
Years ended December 31, 2016 and 2015

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.