WPC Resources Inc.

Condensed Consolidated Interim Financial Statements

For the three months ended February 28, 2017 and February 29, 2016

(Expressed in Canadian Dollars)
(Unaudited)

MANAGEMENT'S RESPONBILITY FOR FINANCIAL REPORTING

The condensed consolidated interim financial statements and all information in the quarterly report are the responsibility of the Board of Directors and management. These condensed consolidated interim financial statements have been prepared by management in accordance with International Financial Reporting Standards. Management maintains the necessary systems of internal controls, policies and procedures to provide assurance that assets are safeguarded and that the financial records are reliable and form a proper basis for the preparation of financial statements.

The Board of Directors ensures that management fulfils its responsibilities for financial reporting and internal control through an Audit Committee. This committee, which reports to the Board of Directors, meets with the independent auditors and reviews the financial statements.

The condensed consolidated interim financial statements for the three-month period ended February 28, 2017 are unaudited and prepared by Management. The Company's independent auditor has not performed a review of these condensed interim consolidated financial statements in accordance with standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor.

WPC Resources Inc.
(Unaudited)
(An Exploration Stage Company)
Condensed Consolidated Interim Statements of Financial Position
(Expressed in Canadian Dollars)

As at

	February 28, 2017	November 30, 2016
ASSETS		
Current		
Cash	$ 194,326	$ 131,111
Advances and deposits	24,435	32,809
Receivables	7,753	46,380
	226,514	210,300
Reclamation deposits (note 5)	8,936	8,936
Property, plant and equipment (note 9)	5,411	5,838
Exploration and evaluation assets (note 7)	2,166,273	2,158,605
	$ 2,407,134	$ 2,383,679
LIABILITIES and SHAREHOLDERS' EQUITY		
Current		
Accounts payable and accrued liabilities	$ 309,754	$ 296,218
Due to related parties (note 10)	257,448	267,336
	567,202	563,554
Shareholders' equity		
Share capital (note 8)	7,481,689	7,481,689
Subscriptions received	175,000	-
Reserves - options (note 8)	686,244	686,244
Reserves - warrants (note 8)	106,978	106,978
Deficit	(6,609,979)	(6,454,786)
	1,839,932	1,820,125
	$ 2,407,134	$ 2,383,679

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

WPC Resources Inc.

(An Exploration Stage Company)

Condensed Consolidated Interim Statements of Operations and Comprehensive

(Expressed in Canadian Dollars)

(Unaudited)

	Three months ended	
	February 28, 2017	**February 29, 2016**
Expenses		
Amortization	$ 427	$ 657
Consulting fees	-	24,400
Insurance	4,291	2,500
Investor and shareholder relations	22,111	3,940
Management fees	-	-
Office and miscellaneous	4,495	1,227
Professional fees	14,630	15,452
Property investigation	599	2,832
Regulatory and transfer agent fees	3,980	1,167
Rent and administrative services	9,251	14,395
Salaries	95,409	106,460
Share-based payments (note 8)	-	1,427
Travel and entertainment	-	3,708
	(155,193)	(178,165)
Interest expense	-	(22)
Impairment of exploration and evaluation assets (note 7)	-	(916)
Loss on sale of fixed assets	-	-
Net loss and comprehensive loss for the period	$ (155,193)	$ (179,103)
Loss per share		
Basic and diluted	$ (0.00)	$ (0.00)
Weighted average number of common shares outstanding		
Basic and diluted	86,197,572	62,015,246

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

	Share capital						Total
	Shares	Amount	Subscription received	Reserves - Warrants	Reserves - Options	Deficit	shareholders' equity
Balance - November 30, 2015	**68,500,304**	**6,070,608**	**320,000**	**40,392**	**680,582**	**(5,785,061)**	**1,326,521**
Share-based payments	-	-	-	-	1,427	-	1,427
Loss for the period	-	-	-	-	-	(179,103)	(179,103)
Balance - February 29, 2016	**68,500,304**	**6,070,608**	**320,000**	**40,392**	**682,009**	**(5,964,164)**	**1,148,845**
Units issued for cash for private placement	30,000,000	1,500,000	(320,000)	-	-	-	1,180,000
Agent's warrants	-	(66,586)	-	66,586	-	-	-
Share issuance costs	-	(62,333)	-	-	-	-	(62,333)
Exercise of warrants	400,000	40,000	-	-	-	-	40,000
Share-based payments	-	-	-	-	4,235	-	4,235
Loss for the period	-	-	-	-	-	(490,622)	(490,622)
Balance - November 30, 2016	**98,900,304**	**7,481,689**	**-**	**106,978**	**686,244**	**(6,454,786)**	**1,820,125**
Subscriptions received	-	-	175,000	-	-	-	175,000
Loss for the period	-	-	-	-	-	(155,193)	(155,193)
Balance - February 28, 2017	**98,900,304**	**7,481,689**	**175,000**	**106,978**	**686,244**	**(6,609,979)**	**1,839,932**

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

WPC Resources Inc.

(An Exploration Stage Company)

Condensed Consolidated Interim Statements of Cash Flows

(Expressed in Canadian Dollars)

(Unaudited)

		Three months ended February 28, 2017		February 29, 2016
Operating activities				
Loss for the period	$	(155,193)	$	(179,103)
Items not affecting cash:				
Amortization		427		657
Share-based payments		-		1,427
Impairment of exploration and evaluation assets		-		-
Loss on sale of fixed assets		-		916
Changes in non-cash working capital				
Advances and deposits		8,374		14,648
Receivable from related parties		-		-
Receivables		38,627		3,813
Accounts payable and accrued liabilities		90,661		(31,532)
Due to related parties		(9,889)		41,430
		(26,993)		(147,744)
Investing activities				
Exploration and evaluation assets expenditures		(84,792)		73,627
Purchase of property, plant and equipment		-		-
Proceeds from sale of property, plant and equipment		-		3,000
		(84,792)		76,627
Financing activities				
Proceeds from issuances of shares (net)		175,000		-
Warrants exercised		-		-
Share subscriptions received		-		-
Share issuance costs		-		-
		175,000		-
Net change in cash		63,215		(71,117)
Cash, beginning of period		131,111		85,105
Cash, end of period	$	194,326	$	13,988
SUPPLEMENTAL CASH DISCLOSURES				
Cash paid for:				
Interest	$	-	$	122
SUPPLEMENTAL NON-CASH DISCLOSURES				
Exploration and evaluation assets included in accounts payable and accrued liabilities	$	219,068	$	154,048
Warrants issued for finders' fees	$	-	$	-

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

1. Nature of Operations

WPC Resources Inc. ("WPC" or the "Company") was incorporated on April 13, 2007 pursuant to the *Business Corporations Act* of British Columbia. The Company's principal business activity is the acquisition and exploration of mineral property interests. The Company is in the exploration stage and substantially all of the Company's efforts are devoted to financing and developing these property interests. There has been no determination whether the Company's interests in unproven exploration and evaluation assets contain economically recoverable mineral resources.

The Company is listed for trading on the TSX Venture Exchange ("TSX-V") under the symbol "WPQ", and its corporate head office is located at 1125, 595 Howe Street, Vancouver, British Columbia V6C 2T5.

2. Basis of Presentation

a) Statement of compliance

These unaudited condensed consolidated interim financial statements, including comparatives that are unaudited, have been prepared in accordance with IAS 34 ("IAS 34") using accounting policies consistent with the International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

These condensed consolidated interim financial statements should be read in conjunction with the Company's November 30, 2016 consolidated annual financial statements.

These consolidated financial statements were authorized by the Board of Directors on April 26, 2017.

b) Going concern

The business of mining and exploring for minerals involves a high degree of risk and there can be no assurance that current exploration programs will result in profitable mining operations. The recoverability of the carrying value of its resource properties and the Company's continued existence is dependent upon the preservation of its interest in the underlying properties, the discovery of economically recoverable reserves, the achievement of profitable operations, or the ability of the Company to raise alternative financing, if necessary, or alternatively upon the Company's ability to dispose of its interests on an advantageous basis. Changes in future conditions could require material write-downs of the carrying values.

These condensed consolidated interim financial statements have been prepared in accordance with IFRS on a going concern basis, which contemplates that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. Accordingly, these condensed consolidated interim financial statements do not include any adjustments to the amounts and classifications of assets and liabilities that might be necessary should the Company be unable to continue as a going concern. As at February 28, 2017, the Company has an accumulated deficit of $6,609,971 (November 30, 2016 - $6,454,786) and has a working capital deficit of $340,688 (November 30, 2016 – working capital deficit of $353,254) and has incurred significant losses. These circumstances may cast significant doubt as to the ability of the Company to meet its obligations as they come due, and accordingly, the appropriateness of the use of accounting principles applicable to a going concern. The recovery of amounts capitalized for exploration and evaluation assets at February 28, 2017 in the condensed consolidated interim statement of financial position is dependent upon the ability of the Company to arrange appropriate financing to complete the development and continued exploration of the properties.

The Company's ability to continue as a going concern is dependent upon its ability to raise funds primarily through the issuance of shares or obtain profitable operations. The outcome of these matters cannot be predicted at this time.

c) Consolidation

These consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries, WPC Resources (USA) Inc., a company incorporated under the laws of Nevada, and Inukshuk Exploration Incorporated ("Inukshuk"), a company incorporated under the laws of British Columbia. All significant intercompany transactions have been eliminated upon consolidation.

d) Functional and presentation currency

The Company and its wholly owned subsidiaries' reporting and functional currency is the Canadian dollar. Monetary assets and liabilities of the Company are translated into Canadian dollars at the exchange rate in effect on the statement of financial position date while nonmonetary assets and liabilities are translated at historical rates. Revenues and expenses are translated at the average rates over the reporting period. Gains and losses from these translations are included in profit or loss.

e) Basis of measurement

These consolidated financial statements have been prepared on a historical cost basis, except for financial instruments classified as financial instruments at fair value through profit or loss, which are stated at their fair value. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting.

f) Estimates and judgments

The preparation of these consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. These consolidated financial statements include estimates, which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the consolidated financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and the revision affects both current and future periods.

Information about critical judgments and estimates in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements are as follows.

Critical accounting estimates

i. Recognition of deferred taxes

The determination of income tax expense and deferred income tax involves judgment and estimates as to the future taxable earnings, expected timing of reversals of deferred tax assets and liabilities, and interpretations of laws in the countries in which the Company operates. The Company is subject to assessments by tax authorities who may interpret the tax law differently. Changes in these estimates may materially affect the final amount of deferred income taxes or the timing of tax payments.

ii. Share-based payments

Estimating the fair value of granted stock options requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected rate of forfeitures, volatility and dividend yield, and making assumptions about them.

iii. Recoverable amount of exploration and evaluation assets

The carrying value of exploration and evaluation assets and the likelihood of future economic recoverability of these carrying values is subject to significant management estimates. The application of the Company's accounting policy for and determination of recoverability of capitalized assets is based on assumptions about future events or circumstances. New information may change estimates and assumptions made. If information becomes available indicating that recovery of expenditures are unlikely, the amounts capitalized are impaired and recognized as a loss in the period that the new information becomes available. A change in estimate could result in the carrying amount of capitalized assets being materially different from their presented carrying costs.

Critical accounting judgments

i. Impairment of exploration and evaluation assets

Assets or cash-generating units are evaluated at each reporting date to determine whether there are any indications of impairment. The Company considers both internal and external sources of information when making the assessment of whether there are indications of impairment for the Company's exploration and evaluation assets.

ii. Going concern

The assessment of the Company's ability to continue as a going concern and to raise sufficient funds to pay its ongoing operating expenditures, meet its liabilities for the ensuing year, and to fund planned and contractual exploration programs, involves significant judgment based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances.

3. Future accounting changes

A number of new standards, amendments to standards, and interpretations are not yet effective as of February 28, 2017, and have not been applied in preparing these condensed consolidated interim financial statements. These new standards are being evaluated, but are not expected to have a material effect on the consolidated financial statements of the Company. Pronouncements that are not applicable or do not have a significant impact to the Company have been excluded from the discussion below. The Company intends to adopt the following standard and amendments when effective:

i. IFRS 9 *Financial Instruments: Classification and Measurement*

IFRS 9 as issued reflects the first phase of the IASB's work on the replacement of IAS 39 *Financial Instruments: Recognition and Measurement* and applies to classification and measurement of financial assets as defined in IAS 39. This standard addresses classification and measurement of financial assets and replaces the multiple category and measurement models in IAS 39 for debt instruments with a new mixed measurement model having only two categories: amortized cost and fair value through profit or loss. IFRS 9 also replaces the models for measuring equity instruments, and such instruments are either recognized at fair value through profit or loss or at fair value through other comprehensive income.

This standard has a tentative effective date of January 1, 2018.

ii. IFRS 16 *Leases*

IFRS 16 is a new standard that set out the principles for recognition, measurement, presentation, and disclosure of leases including guidance for both parties to a contract, the lessee and the lessor. The new standard eliminates the classification of leases as either operating or finance leases as is required by IAS 17 and instead introduces a single lessee accounting model. IFRS 16 is effective for annual periods beginning on nor after January 1, 2019. The Company is currently evaluating the effect, if any, the standard will have on its consolidated financial statements.

iii. IAS 7 *Statement of Cash Flows*

In January 2016, the IASB issued amendments to IAS7. The amendments are intended to clarify IAS 7 to improve information provided to users of financial statements about an entity's financing activities. This amendment is effective for annual reporting periods beginning on or after January 1, 2017. As a result of these amendments, the Company will be required to provide additional disclosure related to financing activities, including a reconciliation between the beginning and closing balance of financial liabilities arising from financing activitites.

4. Capital Management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the acquisition and exploration of its exploration and evaluation assets and to maintain a flexible capital structure for its projects for the benefit of its stakeholders. As the Company is in the exploration stage, its principal source of funds is from the issuance of common shares. Further information relating to liquidity risk is disclosed in note 6.

In the management of capital, the Company includes the components of shareholders' equity.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may issue new shares, enter into joint venture property arrangements, acquire or dispose of assets, or adjust the amount of cash and cash equivalents and investments.
To facilitate the management of its capital requirements, the Company prepares budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions. The budgets are approved by the Board of Directors.

There were no changes in the Company's approach to capital management during the three months ended February 28, 2017 and the year ended November 30, 2016. The Company is not subject to externally imposed capital requirements.

5. Reclamation Deposits

The Company has placed guaranteed investment certificates in trust as reclamation deposits pursuant to a condition of receiving consent from a government agency to explore its resource property interests.

6. Management of Financial Risk

Fair value measurement disclosure includes classification of financial instrument fair values in a hierarchy comprising three levels reflecting the significance of the inputs used in making the measurements, described as follows:

Level 1: Valuations based on quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Valuations based on directly or indirectly observable inputs in active markets for similar assets or liabilities, other than Level 1 prices such as quoted interest or currency exchange rates; and

Level 3: Valuations based on significant inputs that are not derived from observable market data, such as discounted cash flow methodologies based on internal cash flow forecasts.

The Company's financial instruments are exposed to certain financial risks. The risk exposures and the impact on the Company's financial instruments are summarized below.

a) Fair value

The carrying value of receivables, accounts payable and accrued liabilities, and amounts due to related parties approximated their fair value due to the short-term nature of these financial instruments.

b) Interest rate risk

The Company has minimal exposure at February 28, 2017 and November 30, 2016 to interest rate risk through its financial instruments.

c) Currency risk

As at February 28, 2017 and November 30, 2016, the majority of the Company's cash was held in Canadian dollars, the Company's functional and reporting currency. Currency risk is minimal.

d) Credit risk

Concentration of credit risk exists with respect to the Company's cash, as substantially all amounts are held at major financial institutions. The credit risk associated with cash is minimized by ensuring that these financial assets are placed with financial institutions with investment-grade ratings by a primary ratings agency.

e) Liquidity risk

The Company attempts to manage liquidity risk by maintaining sufficient cash balances. Liquidity requirements are managed based on expected cash flows to ensure that there is sufficient capital in order to meet short-term obligations. As at February 28, 2017, the Company had a cash balance of $194,326 (November 30, 2016 - $131,111) to settle current liabilities of $567,202 (November 30, 2016 - $563,554). The Company's current working capital is insufficient to support the Company's near term general administrative and corporate operating requirements on an on-going basis.

(Unaudited - Expressed in Canadian dollars)

7. Exploration and Evaluation Assets

	Hood River (Canada)	Ulu (Canada)	Total
Balance, November 30, 2015	1,012,625	827,895	1,840,520
Acquisition	100,000	-	100,000
Exploration costs			
Assaying	(371)	5,235	4,864
Camp and supplies	-	18,531	18,531
Claim maintenance and filing fees	-	2,341	2,341
Consulting	1,000	71,590	72,590
Equipment rental	-	4,750	4,750
Fixed wing	-	44,939	44,939
Permits	20,663	2,751	23,414
Site personnel	-	43,442	43,442
Travel	-	3,214	3,214
Total additions during the year	121,292	196,793	318,085
Option payments received	-	-	-
Less: Mineral property impairment	-	-	-
Balance, November 30, 2016	$ 1,133,917	$1,024,688	$ 2,158,605
Acquisition	-	-	-
Exploration costs			
Assaying	-	7,668	7,668
Camp and supplies	-	-	-
Claim maintenance and filing fees	-	-	-
Consulting	-	-	-
Equipment rental	-	-	-
Fixed wing	-	-	-
Permits	-	-	-
Site personnel	-	-	-
Travel	-	-	-
Total additions during the period	-	7,668	7,668
Option payments received	-	-	-
Less: Mineral property impairment	-	-	-
Balance, February 28, 2017	$ 1,133,917	$1,032,356	$ 2,166,273

a) Hood River property

On May 15, 2014, the Company signed a letter of intent (the “LOI”) with Inukshuk to acquire 100% of the outstanding shares of Inukshuk. Inukshuk owns a 100% interest in the Hood River. Property in Nunavut through a 20-year renewable mineral exploration agreement (“MEA”) dated June 1, 2013, issued by Nunavut Tunngavik Incorporated (“NTI”).

Pursuant to the terms of the LOI, the Company acquired 100% of the outstanding shares of Inukshuk by issuing the current shareholders (the "Vendors") and their assignees 8,000,000 common shares of the Company (issued at a fair value of $560,000) upon receipt of TSX-V approval (received September 18, 2014) for the transaction. In addition to the share payment, WPC is obligated to fulfil the following commitments:

i. Enter into a 3% NSR agreement with the Vendor on the terms outlined below;
ii. Complete a technical report, prepared in accordance with NI 43-101 *Standards of Disclosure for Mineral Projects*, on the Hood River Property;
iii. Pay all costs incurred to complete the transaction contemplated in the LOI;
iv. Maintain the property in good standing for the period the LOI is in effect and ensure that in the event the transaction is terminated, the Hood River Property is returned to the Vendor with at least two years of assessments filed and two years, calculated from the next anniversary date, of NTI payments in place; and
v. Engage one of the Vendors as Project Manager on the Hood River Property while the LOI is in effect.

Under the terms of the 3% NSR agreement the Company agrees to the following:

i. Pay a 3% NSR from the sale or disposition of all minerals produced from the Hood River Property;
ii. Pay a 3% NSR from the sale or disposition of all minerals produced from any properties acquired by the Company within a defined area of interest;
iii. Make advance royalty payments totalling $500,000 in accordance with the following schedule:
    (1) $25,000 (paid) within 25 business days of TSX-V approval of the transaction;
    (2) $75,000 (outstanding, currently in accounts payable) on or before October 16, 2015 (12 months following the initial payment);
    (3) $100,000 (outstanding, currently in accounts payable) on or before October 16, 2016 (24 months following the initial payment); and
    (4) $300,000 on or before October 16, 2017 (36 months following the initial payment).
iv. Offer the Vendor a right of first refusal in the event the Company plans to sell, option or abandon the Hood River Property; and
v. Maintain the Hood River Property in good standing while the right of first refusal is in effect.

Prior to the commencement of commercial production on the Hood River Property, the Company has the option to acquire up to 2% of the NSR for $8,000,000 under the following terms:

i. Purchase an initial 0.5% of the NSR for $1,000,000;
ii. Purchase an additional 0.5% of the NSR for an additional $1,500,000;
iii. Purchase an additional 0.5% of the NSR for an additional $2,500,000; and
iv. Purchase an additional 0.5% of the NSR for an additional $3,000,000.

As at February 28, 2017, the Definitive Agreement from the LOI had not been finalized. The Company does not believe the final terms of the Definitive Agreement will differ significantly from those outlined herein. The agreement is in good standing as at February 28, 2017 and the Company is in negotiations surrounding the terms of the final agreement.

b) Ulu property

On May 30, 2014, the Company, entered into an option agreement (the "Option Agreement") with Elgin Mining Inc. and Bonito Capital Corp. (collectively, "Elgin"), to acquire an 80% undivided interest in the Ulu Property ("Ulu"). The TSX-V approved the Option Agreement on September 18, 2014 (the "Approval Date").

Pursuant to the Option Agreement, to earn a 70% interest in Ulu, the Company is required to make payments totalling $500,000, of which $125,000 is a firm commitment, to Elgin over four years in accordance to the following schedule:

i. $25,000 to be paid upon TSX-V approval (paid September 19, 2014);
ii. $100,000 to be paid on or before the 12-month anniversary of the Approval Date (paid November 13, 2015);
iii. $125,000 to be paid on or before the 24-month anniversary of the Approval Date;
iv. $125,000 to be paid on or before the 36-month anniversary of the Approval Date; and
v. $125,000 to be paid on or before the 48-month anniversary of the Approval Date.

Under the terms of the Option Agreement the Company is to issue to Elgin a total of 20,000,000 common shares of the Company according to the following schedule:

i. Issue 2,000,000 shares on the Approval Date (issued at a fair value of $140,000);
ii. Issue a further 3,000,000 shares on or before the 12-month anniversary of the Approval Date (issued at a fair value of $180,000);
iii. Issue a further 5,000,000 shares on or before the 24-month anniversary of the Approval Date;
iv. Issue a further 5,000,000 shares on or before the 36-month anniversary of the Approval Date; and
v. Issue a further 5,000,000 shares on or before the 48-month anniversary of the Approval Date.

Additionally, in order to earn its 70% interest, the Company is required to incur total expenditures on Ulu of $3,000,000 according to the following schedule:

i. On or before the first anniversary date incur $300,000 in property expenditures (incurred);
ii. On or before the second anniversary date incur cumulative $1,000,000 in property expenditures;
iii. On or before the third anniversary date incur cumulative $2,000,000 in property expenditures; and
iv. On or before the fourth anniversary date incur cumulative $3,000,000 in property expenditures.

The Company can earn a further 10% interest in Ulu, bringing its ownership to 80%, by completing a feasibility study within 18 months of earning the 70% interest, and replacing 80% of the environmental security bond held by Elgin on Ulu. The Company has 60 days to elect this option after earning the 70% interest.

On September 10, 2014, Mandalay Resources Corporation (“Mandalay”) acquired Elgin.

On November 1, 2016, the Company entered into a definitive agreement with Mandalay to acquire its 100% owned subsidiary, Lupin Mines Incorporated, which owns the Lupin Gold Mine, and the Ulu Gold Property (the “Properties”). Mandalay owns a 100% interest in and to the Properties, subject to the pre-existing option agreement with WPC respecting the Ulu Gold Property dated May 30, 2014.

The transaction is subject to the satisfaction or waiver of certain conditions, including WPC completing a private placement or other financing for gross proceeds of not less than $5,000,000 and the receipt of all necessary regulatory approvals. Upon completion of the transaction, Mandalay will own 20 million common shares of WPC and will have the right to acquire up to an additional 16,000,000 common shares of WPC upon conversion of the convertible note.

The definitive agreement represents an arm's length transaction between the parties and supersedes the previous Ulu option agreement. It includes the following terms subject to any necessary regulatory, territorial government and shareholder approvals:

1. Prior to the closing of the transaction, Mandalay will ensure that the permits are in place as required to maintain the Properties in their present good standing, including, but not limited to, the water permits and all necessary licences, and the financial terms and conditions of the environmental bonds for the Properties are established to the satisfaction of WPC.
2. WPC will pay to Mandalay the following consideration for the purchase of the Properties consisting of cash and shares where:
    a. Cash of $3,000,000 will be paid at the closing of the transaction;
    b. 15,000,000 common shares to be issued to Mandalay at the closing of the transaction;
    c. WPC will offer Mandalay the opportunity to participate in any financing such that Mandalay may maintain at least a 10% equity interest in WPC. This right will expire on commencement of commercial production from either Lupin or Ulu.
3. In addition to the above, WPC will agree to issue to Mandalay a convertible note in the amount $1,600,000 in consideration of the Ulu Gold Property environmental bond. The note will:
    a. bear an annual interest of 6% that, if not paid annually in arrears, will accrue and be capitalized;
    b. be unsecured and non-transferable;
    c. for outstanding principal and interest, be convertible into WPC commons shares at the election of Mandalay where the shares will be convertible at $0.10 per share and the minimum amount per conversion would be $200,000; and
    d. have a term of four years at the end of which period WPC would have the right to repay in cash any outstanding balance of the note.
4. WPC will make an aggregate cash payment equal to the equivalent of 10,000 ounces of refined gold, payable in 12 quarterly installments equal to the cash equivalent of 833 1/3 ounces of refined gold per quarter, based on the average gold price for each such quarter, beginning with the second quarter immediately following the full quarter after the commencement of Commercial Production.
5. Beginning in the quarter after the completion of payment of the abovementioned 12 quarterly instalments, WPC will pay to Mandalay a royalty of 1% NSR on gold production mined from the Lupin property.

Title to resource properties

Although the Company has taken steps to verify the title to exploration properties in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements or transfers and title may be affected by undetected defects.

Realization of assets

The investment in and expenditures on exploration properties comprise a significant portion of the Company's assets. Realization of the Company's investment in these assets is dependent upon the establishment of legal ownership, the attainment of successful production from the properties or from the proceeds of their disposal. Resource exploration and development is highly speculative and involves inherent risks. While the rewards if an ore body is discovered can be substantial, few properties that are explored are ultimately developed into producing mines. There can be no assurance that current exploration programs will result in the discovery of economically viable quantities of ore.

The amounts shown for acquisition costs and deferred exploration expenditures represent costs incurred to date and do not necessarily reflect present or future values. These costs will be depleted over the useful lives of the properties upon commencement of commercial production or written off if the properties are abandoned or the claims are allowed to lapse.

Environmental

The Company is subject to the laws and regulations relating to environmental matters in all jurisdictions in which it operates, including provisions relating to property reclamation, discharge of hazardous material and other matters. The Company may also be held liable should environmental problems be discovered that were caused by former owners and operators of its properties and properties in which it has previously had an interest. The Company conducts its mineral exploration activities in compliance with applicable environmental protection legislation. The Company is not aware of any existing environmental problems related to any of its current or former properties that may result in material liability to the Company. Environmental legislation is becoming increasingly stringent and costs and expenses of regulatory compliance are increasing. The impact of new and future environmental legislation on the Company's operations may cause additional expenses and restrictions. If the restrictions adversely affect the scope of exploration and development on the resource properties, the potential for production on the property may be diminished or negated.

8. Share Capital and Reserves

a) Authorized

Unlimited number of common shares without par value.

b) Share issuances

At February 28, 2017, the Company had 98,900,304 (November 30, 2016 – 98,900,304) common shares issued and outstanding.

i. On February 6, 2017, the Company announced a non-brokered private placement of up to 80,000,000 units (the "Units") at a price of $0.07 per Unit for gross proceeds of $5,600,000 (the "Offering"). Each Unit consists of one (1) common share ("Common Share") and one-half (1/2) transferable common share purchase warrant (a "Warrant"). Each full Warrant will be exercisable for one common share at $0.15 for twelve (12) months following the close of the private placement. Proceeds from this financing shall be used to complete the acquisition of the Lupin Mines Inc. ("LMI") from Mandalay Resources Corporation, the maintenance and advancement of LMI's assets and for general corporate and working capital purposes. LMI, owns the past producing Lupin Gold Mine and the Ulu gold property in Nunavut, Canada. The Offering, including the future issuance of Common Shares and Warrants, is subject to the final approval of the TSX Venture Exchange. All securities issued will be subject to a hold period of four months and a day pursuant to applicable securities laws. As of February 28, 2017, $175,000 in share subscriptions had been received.

ii. On April 18, 2016, the Company closed a private placement by issuing 30,000,000 units at a price of $0.05 per unit for gross proceeds of $1,500,000. Each unit consists of one common share in the Company and one-half of one non-transferable common share purchase warrant. Each full warrant entitles the holder to purchase one common share of the Company for a period of 24 months at an exercise price of $0.10.

   Included in receivables are $16,000 of subscriptions receivable, which were collected subsequent to the year ended November 30, 2016.

   Share subscriptions amounted to $320,000 for this private placement and were received in the year ended November 30, 2015.

(Unaudited - Expressed in Canadian dollars)

Finder's fees of $53,560 and other share issuance costs of $8,773 were paid in cash and 1,071,200 broker warrants were issued. Each broker warrant entitles the holder to purchase one common share at a price of $0.10 for a period of 24 months, expiring on April 18, 2018.The broker warrants were valued at $66,586 using the Black-Scholes valuation model with an expected life of 2 years, volatility of 123.95%, risk-free interest rate of 0.62%, dividend yield of 0% and forfeiture rate of 0%.

iii. On March 24, 2015, the Company closed the first tranche of a non-brokered private placement by issuing 3,400,000 units at a price of $0.05 per unit for gross proceeds of $170,000.

Each unit consists of one common share in the Company and one half of one On April 18, 2016, the Company closed a private placement by issuing 30,000,000 units at a price of $0.05 per unit for gross proceeds of $1,500,000. Each unit consists of one common share in the Company and one-half of one non-transferable common share purchase warrant. Each full warrant entitles the holder to purchase one common share of the Company for a period of 24 months at an exercise price of $0.10. Included in receivables are $16,000 of subscriptions receivable, which were collected subsequent to the year ended November 30, 2016. Share subscriptions amounted to $320,000 for this private placement and were received in the year ended November 30, 2015. Finder's fees of $53,560 and other share issuance costs of $8,773 were paid in cash and 1,071,200 broker warrants were issued. Each broker warrant entitles the holder to purchase one common share at a price of $0.10 for a period of 24 months, expiring on April 18, 2018.The broker warrants were valued at $66,586 using the Black-Scholes valuation model with an expected life of 2 years, volatility of 123.95%, risk-free interest rate of 0.62%, dividend yield of 0% and forfeiture rate of 0%.

iv. On September 14, 2015, the Company issued 3,000,000 common shares at $0.06 per share pursuant to the Ulu option agreement (note 7).

c) Stock options

The Company has a stock option plan under which the aggregate number of common shares to be reserved for exercise of all options granted under the plan and any other share compensation arrangement shall not exceed 10% of the issued shares of the Company at the time of granting of options. The stock option plan provides for the granting of stock options to regular employees and persons providing investor relations or consulting services up to a limit of 5% and 2%, respectively, of the Company's total number of issued and outstanding shares per year. Options granted to consultants providing investor relations services shall vest at a minimum over a period of twelve months with no more than one-quarter of such options vesting in any three-month period. Options, other than options granted to consultants providing investor relations services, shall vest immediately.

Stock options transactions are summarized as follows:

	Number of stock options outstanding	Weighted average exercise price
Balance, November 30, 2015	**5,650,000**	**$ 0.10**
Granted	-	$ 0.10
Expired	(400,000)	$ 0.10
Balance, November 30, 2016 and February 28, 2017	**5,250,000**	**$ 0.10**

(Unaudited - Expressed in Canadian dollars)

On October 2, 2014, the Company granted 75,000 options to officers, directors and consultants of the Company, exercisable at $0.10 per option until October 2, 2019. The fair value of the options was estimated at $3,896 using the Black-Scholes valuation model, based on a volatility of 127.77%, risk-free interest rate of 1.59%, no dividend, an expected life of 5 years and a forfeiture estimate of 0%. $2,238 in stock-based compensation expense was recognized during the year ended November 30, 2015.

On May 1, 2015, the Company granted 350,000 options to consultants of the Company, exercisable at $0.10 per option until April 30, 2018. The fair value of the options was estimated at $17,265 using the Black-Scholes valuation model, based on a volatility of 153.26%, risk-free interest rate of 0.72%, no dividend, an expected life of 3 years and a forfeiture estimate of 0%. Pertaining to these options, $5,662 in stock-based compensation expense was recognized during the year ended November 30, 2016 (2015 - $8,852).

On September 18, 2015, the Company granted 3,575,000 options to officers, directors and consultants of the Company, exercisable at $0.10 per option until August 19, 2020. The fair value of the options was estimated at $114,797 (grant date fair value of $0.03 per option) using the Black-Scholes valuation model, based on a volatility of 131.48%, risk-free interest rate of 0.81%, no dividend, an expected life of 4.92 years and a forfeiture estimate of 0%. The share-based payment was fully recognized during the year ended November 30, 2015 as all options vested upon grant.

During the year ended November 30, 2015, 1,375,000 options exercisable at $0.10 per option expired. In addition, 75,000 options exercisable at $0.10 expired.

At February 28, 2017 and November 30, 2016, the Company has the following outstanding stock options enabling holders to acquire common shares as follows:

		February 28, 2017		**November 30, 2016**	
Exercise Price	Expiry Date	Outstanding	Exercisable	Outstanding	Exercisable
$ 0.10	September 19, 2019	1,325,000	1,325,000	1,325,000	1,325,000
$ 0.10	April 30, 2018	350,000	350,000	350,000	350,000
$ 0.10	August 19, 2020	3,575,000	3,575,000	3,575,000	3,575,000
		5,250,000	5,250,000	5,250,000	5,250,000

d) Warrants

Share purchase warrant transactions are summarized as follows:

	Number of warrants outstanding	**Weighted average exercise price**
Balance, November 30, 2015	**36,265,250**	**0.10**
Issued	15,000,000	0.10
Exercised	(400,000)	0.10
Expired	(23,522,250)	0.10
Balance, November 30, 2016 and February 28, 2017	**27,343,000**	**0.10**

(Unaudited - Expressed in Canadian dollars)

As at February 28, 2017 and November 30, 2016, the following share purchase warrants were outstanding:

		Number of Warrants	
Expiry Date	Exercise Price	**February 28, 2017**	**November 30, 2016**
March 23, 2017 *	$ 0.10	3,400,000	3,400,000
March 31, 2017 *	$ 0.10	9,143,000	9,143,000
April 18, 2018	$ 0.10	14,800,000	14,800,000
		27,343,000	27,343,000

* Each warrant can be exercised into 1/2 a common share.

e) Agent warrants

As at February 28, 2017 and November 30, 2016, the Company has agent warrants outstanding entitling the holders to acquire common shares as follows:

	February 28, 2017		**November 30, 2016**	
	Number of Warrants	Weighted Average Exercise Price	Number of Warrants	Weighted Average Exercise Price
Outstanding, beginning of period	1,071,200	$ 0.10	335,720	$ 0.10
Issued	-	$ 0.10	1,071,200	$ 0.10
Expired	-	$ 0.10	(335,720)	$ 0.10
Outstanding and exercisable, end of period	1,071,200	$0.10	1,071,200	$0.10

As at February 28, 2017 and November 30, 2016, the following share purchase warrants were outstanding:

		Number of Warrants	
Expiry Date	Exercise Price	**February 28, 2017**	**November 30, 2016**
April 18, 2018	$0.10	1,071,200	1,071,200
		1,071,200	1,071,200

(Unaudited - Expressed in Canadian dollars)

9. Property, Plant and Equipment

	Office equipment $
Cost	
At November 30, 2015	13,150
Disposals	(4,607)
At November 30, 2016	8,543
Additions	-
At February 28, 2017	8,543
Accumulated Amortization	
At November 30, 2015	1,457
Amortization charge	1,939
Disposals	(691)
At November 30, 2016	2,705
Amortization charge	427
At February 28, 2017	3,132
Net book value	
At November 30, 2016	5,838
At February 28, 2017	5,411

10. Related Party Transactions and Key Management Compensation

The Company's related parties at February 28, 2017 consist of officers and directors (and their related companies), as follows:

Name of Related Party	Position at February 28, 2017	Nature of transaction
Allan J. Fabbro	Director	Director / consulting
Ian Graham	Director	Director
Robert Metcalfe	Director	Director
Wayne Moorhouse	CFO / Director	Director / officer
Stephen Wilkinson/Western Resource Funds Ltd.	CEO / Director	Director / officer
Ken Yurichuk	Director	Director

Key management personnel compensation is comprised of the following:

	Three months ended	
Nature of expenditure	**February 29, 2017**	**Februrary 29, 2016**
Exploration and evaluation assets expenditures to CEO	-	2,789
Management fees to CEO, CFO, and Director	-	-
Salaries to CEO, CFO, and Director	78,000	78,000
Share-based payments to CEO, CFO, and Directors	-	-
	$ 78,000	**$ 80,789**

Included on the condensed consolidated interim statement of financial position at February 28, 2017 is $257,448 (November 30, 2016 - $267,336) due to officers, directors or companies with a director in common for cash advances, unpaid geological consulting fees, unpaid wages and unpaid expenses, and $nil due from related parties (November 30, 2016 - $nil).

11. Segmented Information

The Company has one reportable operating segment, being the acquisition and exploration of mineral properties. At February 28, 2017 and November 30, 2016, the Company's exploration and evaluation assets are located in Canada, as disclosed in note 7. All expenses and cash receipts pertaining to exploration and evaluation activities are capitalized.