

# **ALEXANDRA CAPITAL CORP.**

## **FINANCIAL STATEMENTS**

November 30, 2016 and 2015

(Expressed in Canadian Dollars)

## Management's Responsibility for Financial Reporting

To the Shareholders of Alexandra Capital Corp.:

Management is responsible for the preparation and presentation of the accompanying financial statements, including responsibility for significant accounting judgments and estimates in accordance with International Financial Reporting Standards and ensuring that all information in the annual report is consistent with the statements. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of financial statements.

The Board of Directors is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the financial information included in the annual report. The Audit Committee, which is comprised primarily of Directors who are neither management nor employees of Alexandra Capital Corp. has the responsibility of meeting with management and external auditors to discuss the internal controls over the financial reporting process, auditing matters and financial reporting issues. The Committee is also responsible for recommending the appointment of Alexandra Capital Corp.'s external auditors.

MNP LLP, an independent firm of Chartered Professional Accountants, is appointed by the shareholders to audit the financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both the Audit Committee and management to discuss their audit findings.

March 17, 2017

*"Blake Olafson"*

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Director

*"Ioannis Tsitos"*

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Director

## Independent Auditors' Report

To the Shareholders of Alexandra Capital Corp.:

We have audited the accompanying financial statements of Alexandra Capital Corp., which comprise the statements of financial positions as at November 30, 2016 and 2015, the statements of operations and comprehensive loss, changes in equity and 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.

### *Auditors' Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

### *Opinion*

In our opinion, the financial statements present fairly, in all material respects, the financial position of Alexandra Capital Corp. as at November 30, 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 Matter*

Without qualifying our opinion, we draw attention to Note 1 in the financial statements which discloses matters and conditions that indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

Vancouver, British Columbia

March 17, 2017

  
Chartered Professional Accountants

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**ALEXANDRA CAPITAL CORP.**

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Statements of Financial Position  
(Expressed in Canadian dollars)

As at	Note	November 30, 2016	November 30, 2015
<b>ASSETS</b>			
Current assets			
Cash		\$ 10,276	\$ 10,186
Sales tax receivable		1,167	-
Prepaid expenses		-	2,600
Short-term investment	2	90,000	215,106
Total current assets		101,443	227,892
Non-current assets			
Exploration and evaluation assets	3	165,012	165,012
Total assets		\$ 266,455	\$ 392,904
<b>LIABILITIES</b>			
Current liabilities			
Accounts payable and accrued liabilities		\$ 15,525	\$ 33,887
Total current liabilities		15,525	33,887
<b>SHAREHOLDERS' EQUITY</b>			
Share capital		633,109	633,109
Contributed surplus		117,016	117,016
Deficit		(499,195)	(391,108)
Total shareholders' equity		250,930	359,017
Total liabilities and shareholders' equity		\$ 266,455	\$ 392,904

These financial statements are authorized for issuance by the Board of Directors on March 17, 2017

Approved on behalf of the Board:

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*"Blake Olafson"*  
Director

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*"Ioannis Tsitos"*  
Director

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

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**ALEXANDRA CAPITAL CORP.**Statements of Net and Comprehensive Loss  
(Expressed in Canadian dollars)

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<b>For the years ended November 30,</b>	Note	2016	2015
<b>OPERATING EXPENSES</b>			
General office expenses		\$ 1,208	\$ 1,096
Professional fees	7	53,328	67,361
Rent		-	900
Transfer agent and filing fees		54,451	22,278
Total expenses		(108,987)	(91,635)
<b>OTHER INCOME</b>			
Interest income		900	2,202
<b>NET AND COMPREHENSIVE LOSS FOR THE YEAR</b>		<b>\$ (108,087)</b>	<b>\$ (89,433)</b>
<b>LOSS PER SHARE, Basic and Diluted</b>		<b>\$ (0.01)</b>	<b>\$ (0.01)</b>
<b>WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING, Basic and Diluted</b>			
		12,934,000	12,934,000

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

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**ALEXANDRA CAPITAL CORP.**Statements of Cash Flows  
(Expressed in Canadian dollars)

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<b>For the years ended November 30,</b>	<b>2016</b>	<b>2015</b>
Cash Provided By (Used In)		
Operating Activities		
Net and comprehensive loss for the year	\$ (108,087)	\$ (89,433)
Changes in non-cash working capital:		
Sales tax receivable	(1,167)	9,214
Prepaid expenses	2,600	3,700
Other receivables	-	250
Accounts payable and accrued liabilities	(18,362)	(46,298)
Net cash used in operating activities	(125,016)	(122,567)
Investing Activities		
Deferred exploration costs	-	(10,000)
Short-term investments	125,106	89,894
Net cash provided by investing activities	125,106	79,894
Increase (decrease) in cash	90	(42,673)
Cash, beginning of the year	10,186	52,859
Cash, end of the year	\$ 10,276	\$ 10,186

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

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**ALEXANDRA CAPITAL CORP.**

## Statements of Changes in Equity

(Expressed in Canadian dollars, except per share amounts)

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	Share capital		Contributed Surplus	Deficit	Total
	Number of shares	Amount			
Balance, November 30, 2014	12,934,000	\$ 633,109	\$ 117,016	\$ (301,675)	\$ 448,450
Net and comprehensive loss for the year	-	-	-	(89,433)	(89,433)
Balance, November 30, 2015	12,934,000	633,109	117,016	(391,108)	359,017
Net and comprehensive loss for the year	-	-	-	(108,087)	(108,087)
Balance, November 30, 2016	12,934,000	\$ 633,109	\$ 117,016	\$ (499,195)	\$ 250,930

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

**ALEXANDRA CAPITAL CORP.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**NOVEMBER 30, 2016 and 2015**  
(EXPRESSED IN CANADIAN DOLLARS)

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**1. NATURE OF OPERATIONS AND ABILITY TO CONTINUE AS A GOING CONCERN**

Alexandra Capital Corp. (the "Company") was incorporated under the Business Corporations Act of British Columbia on October 17, 2011. The head office, principal address and registered and records office of the Company are located at 300 – 2015 Burrard Street, Vancouver, B.C., V6J 3H4.

On August 11, 2014 the Company completed its qualifying transaction with arm's length vendor (the "Vendor") Eastland Management Limited ("Eastland") and on August 13, 2014 commenced trading on the TSX Venture Exchange as a Tier 2 Mining Issuer. Effective August 11, 2014, the Company's principal business activity is the exploration of mineral resources on the Southern Belle or "SB" Property.

On March 7, 2016, the Company announced that it has received final approval to list its common shares on the Canadian Securities Exchange (the "CSE") and has voluntarily delisted its common shares from the TSX Venture Exchange (the "TSXV"). The Company's common shares commenced trading on the CSE at market open on March 10, 2016 and were delisted from the TSXV effective March 9, 2016. The Company's trading symbol "AXC" remains the same.

The Company has not yet determined whether its properties contain ore reserves that are economically recoverable. The recoverability of the amounts shown for mineral properties and exploration costs is dependent upon the existence of economically recoverable ore reserves, the ability of the Company to obtain necessary financing to complete the exploration and development of its properties, and upon future profitable production or proceeds from the disposal of properties.

The Company emphasizes that attention should be drawn to matters and conditions that indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. These financial statements have been prepared in accordance with International Financial Reporting Standards applicable to a going concern, with the assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation. The recoverability of capitalized costs on the Southern Belle property is uncertain and dependent upon projects achieving commercial production or sale. The ability of the Company to carry out its business objectives are dependent on the Company's ability to receive continued financial support from related parties, to obtain public equity financing, or to generate profitable operations in the future.

	<u>November 30, 2016</u>	<u>November 30, 2015</u>
Working capital	\$ 85,918	\$ 194,005
Deficit	\$ (499,195)	\$ (391,108)

**2. SIGNIFICANT ACCOUNTING POLICIES**

**Basis of presentation**

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

These financial statements are authorized for issue by the Board of Directors on March 17, 2017.

These financial statements have been prepared on the historical cost basis except for certain financial instruments classified as fair value through profit or loss ("FVTPL") and available-for-sale which are stated at their fair value. In addition, these financial statements have been prepared using the accrual basis of



## **2. SIGNIFICANT ACCOUNTING POLICIES (continued)**

### **Basis of presentation (continued)**

accounting, except cash flow information. These financial statements are presented in Canadian dollars, which is the Company's functional currency.

### **Significant accounting judgments, estimates and assumptions**

The preparation of these financial statements in conformity of IFRS requires management to make judgments and estimates and form assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the period. Actual results could differ from these estimates.

Significant estimates and used in preparing the financial statements include, but are not limited to:

#### (i) Impairment of long lived assets

Determining the amount of impairment of long lived assets requires an estimation of the recoverable amount, which is defined as the higher of fair value less the cost of disposal or value in use. Many of factors used in assessing recoverable amounts are outside of the control of management and it is reasonably likely that assumptions and estimates will change from period to period. These changes may result in future impairments in the Company' long term assets such as property, plant and equipment and exploration and evaluation assets.

#### (ii) Current and deferred taxes

Accounting for income taxes is a complex process requiring management to interpret frequently changing laws and regulations and make judgments relating to the application of tax law, the estimated timing of temporary difference reversals, and the estimated realization of tax assets. All tax filings are subject to subsequent government audits and potential reassessment. These interpretations, judgments and changes related to them impact current and deferred tax provisions, deferred income tax assets and liabilities and results of operations.

#### (iii) Share-based payments

The fair value of stock options issued are subject to the limitations of the Black-Scholes option pricing model that incorporates market data and involves uncertainty in estimates used by management in the assumptions. Because the Black-Scholes option pricing model requires the input of highly subjective assumptions, including the volatility of share prices, changes in subjective input assumptions can materially affect the fair value estimate.

Significant judgments used in the preparation of these financial statements include, but are not limited to:

#### (i) Going concern

Management has applied judgements in the assessment of the Company's ability to continue as a going concern when preparing its financial statements for the year ended November 30, 2016. Management prepares the financial statements on a going concern basis unless management either intends to liquidate the entity or to cease trading, or has no realistic alternative but to do so. In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is

## **2. SIGNIFICANT ACCOUNTING POLICIES (continued)**

### **Significant accounting judgments, estimates and assumptions (continued)**

at least, but is not limited to, twelve months from the end of the reporting period.

#### (ii) Exploration and evaluation expenditures

The application of the Company's accounting policy for exploration and evaluation expenditures capitalized requires judgment in determining which expenditures are recognized as exploration and evaluation assets and applying the policy consistently. In making this determination, the Company considers the degree to which the expenditure can be associated with finding specific mineral resources.

#### (iii) Decommissioning obligations

The provision for decommissioning obligations is based on numerous assumptions and judgements including the ultimate settlement amounts, inflation factors, risk free discount rates, timing of settlement and changes in the applicable legal and regulatory environments. To the extent future revisions to these assumptions impact the measurement of the existing decommissioning obligation, a corresponding adjustment is made to the property, plant and equipment balance.

### **Cash**

Cash consists of amounts held in banks and cashable highly liquid investments with limited interest and credit risk.

### **Short-term investments**

Short-term investments are investments which are transitional or current in nature with an original maturity greater than three months and less than twelve months. As at November 30, 2016, short-term investments consist of \$90,000 in Guaranteed Investment Certificates ("GICs") with an annual interest rates of prime less 2.10%.

### **Share-based payment**

The Company recognizes share-based payment expense for the estimated fair value of equity-based instruments granted to both employees and non-employees. Compensation expense is recognized when the options are granted with the same amount being recorded as contributed surplus. The expense is determined using an option pricing model that takes into account the exercise price, the term of the option, the current share price, the expected volatility of the underlying shares, the expected dividend yield, and the risk free interest rate for the term of the option. If the options are exercised, contributed surplus will be reduced by the applicable amount. Share-based payment calculations have no effect in the Company's cash position.

### **Exploration and evaluation expenditures**

The Company is in the exploration stage with respect to its investment in mineral interests. Once the legal right to explore a property has been acquired, costs directly related to exploration and evaluation expenditures ("E&E") are recognized and capitalized, in addition to the acquisition costs. These direct expenditures include such costs as materials used, surveying costs, drilling costs, payments made to contractors and depreciation on plant and equipment during the exploration phase. Costs not directly attributable to exploration and

## **2. SIGNIFICANT ACCOUNTING POLICIES (continued)**

### **Exploration and evaluation expenditures (continued)**

evaluation activities, including general administrative overhead costs, are expensed in the period in which they occur. At such time as commercial production commences, these costs will be charged to operations on a unit-of-production method based on proven and probable resources. The aggregate costs related to abandoned exploration and evaluation assets are charged to operations at the time of any abandonment or when it has been determined that there is evidence of a permanent impairment.

The recoverability of amounts shown for exploration and evaluation assets is dependent upon the discovery of economically recoverable resources, the ability of the Company to obtain financing to complete development of the properties, and on future production or proceeds of disposition. The Company recognizes as income, any costs recovered on exploration and evaluation assets when amounts received or receivable are in excess of the carrying amount.

### **Decommissioning, restoration and similar liabilities (“Asset retirement obligation”)**

The Company recognizes liabilities for statutory, contractual or legal obligations associated with the reclamation of exploration and evaluation assets, when those obligations result from the acquisition, construction, development or normal operation of the assets. The Company records the present value of the estimated costs of legal and constructive obligations required to restore the exploration sites in the period in which the obligation is incurred. Upon initial recognition of the liability, the corresponding asset retirement cost is added to the carrying amount of the related asset and the cost is amortized as an expense over the economic life of the asset using either the unit-of-production method or the straight-line method, as appropriate. Following the initial recognition of the asset retirement obligation, the carrying amount of the liability is increased for the passage of time and adjusted for changes to the amount or timing of the underlying cash flows needed to settle the obligation.

As at November 30, 2016, the Company has no asset retirement obligations and accordingly, has not recorded an asset retirement obligation in the financial statements.

### **Flow-through shares**

Flow-through shares entitle a company that incurs certain resource expenditures in Canada to renounce them for tax purposes allowing the expenditures to be deducted for tax purposes by the investors who purchased the shares. While IFRS contains no specific guidance on accounting for flow-through shares, the Company has chosen to adopt the following accounting policy.

At the time of closing a financing involving flow-through shares, the Company allocates the gross proceeds received (i.e. the “flow-through commitment”) as follows:

- Share capital – the fair market price at the date of the issue;
- Flow-through share premium – recorded as a liability and equal to the estimated premium, if any, investors pay for the flow-through feature, i.e. the portion in excess of the market value of the shares without the flow-through features at the time of issue; and
- Fair value of warrants – if warrants are being issued, based on the valuation derived using the residual method.

## **2. SIGNIFICANT ACCOUNTING POLICIES (continued)**

### **Flow-through shares (continued)**

In the case that the Company doesn't issue non flow-through units together with the flow-through units, the flow-through share premium is determined by using the residual method, whereby the fair value of warrants will be valued based on the Black-Scholes option-pricing model, and the flow-through share premium equal to any residual balance after the fair market price of the common shares and fair value of warrants.

Thereafter, as qualifying resource expenditures are incurred, these costs are capitalized to exploration and evaluation assets.

At the end of each reporting period, the Company reviews its tax position and records an adjustment to its deferred tax expense/liability accounts for taxable temporary differences, including those arising from the transfer of tax benefits to investors through flow-through shares. For this adjustment, The Company considers the tax benefits (of qualifying resource expenditures already incurred) to have been effectively transferred, if it has formally renounced those expenditures at any time (before or after the end of the reporting period). Additionally, the Company reverses the liability for the flow-through share premium to income, on a proportionate basis, as an offset to deferred tax expense.

### **Deferred financing costs**

Costs directly identifiable with the raising of capital will be charged against the related capital stock. Costs related to shares not yet issued are recorded as deferred financing costs. These costs will be deferred until the issuance of the shares to which the costs relate, at which time the costs will be charged against the related capital stock or charged to operations if the shares are not issued.

### **Share purchase warrants**

The Company bifurcates units consisting of common shares and share purchase warrants using the residual value approach whereby it first measures the common share component of the unit at fair value using market prices as input values and then allocates any residual amount to the warrant component of the unit. The residual value of the warrant component is credited to reserves. When warrants are exercised, the corresponding residual value is transferred from reserves to share capital.

### **Earnings / loss per share**

Basic earnings (loss) per share are calculated using the weighted average number of common shares outstanding during the period. Diluted earnings (loss) per share are calculated using the treasury stock method. This method assumes that common shares are issued for the exercise of options, warrants and convertible securities and that the assumed proceeds from the exercise of options, warrants and convertible securities are used to purchase common shares at the average market price during the period. The difference between the number of shares assumed issued and the number of shares assumed purchased is then added to the basic weighted average number of shares outstanding to determine the fully diluted number of common shares outstanding. No exercise or conversion is assumed during the periods in which a net loss is incurred as the effect is anti-dilutive.

### **Financial instruments**

Financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of the financial instrument. Financial assets are derecognized when the contractual rights to the

## **2. SIGNIFICANT ACCOUNTING POLICIES (continued)**

### **Financial instruments (continued)**

cash flows from the financial assets expire, or when the financial assets and their related risks and rewards are transferred. Financial liabilities are derecognized when they expire, are discharged or cancelled. Financial instruments are classified into five categories:

- Loans and receivables
- Held-to-maturity investments
- Available-for-sale
- Financial assets at fair value through profit and loss ("FVTPL")
- Financial liabilities at amortized cost

All financial instruments except the FVTPL and derivatives are measured initially at fair value plus transaction costs. Financial assets at FVTPL and derivatives are recognized initially at fair value while the transaction costs are expensed in the statement of income. The classification determines how the asset is subsequently measured and whether the resulting gains or losses are recognized in profit or loss or in other comprehensive income.

After initial recognition, loans and receivables and held-to-maturity investments are measured at amortized cost using the effective interest method. Any changes to the carrying amounts of the held-to-maturity investments including impairment charges are recognized in profit and loss. Available-for-sale financial assets are measured at fair value with gains and losses recognized in other comprehensive income. Financial assets at FVTPL include financial assets that are classified either as held-for-trading or those are designated at FVTPL upon initial recognition. Gains or losses in these financial assets are recorded in profit and loss.

The Company classified its cash and short-term investment as FVTPL which is measured at fair value. Other receivables are classified as loans and receivables and measured at amortized cost. Accounts payable and accrued liabilities are classified as other financial liabilities which are measured at amortized cost.

Financial liabilities are measured subsequently at amortized cost except for those held-for-trading which are carried subsequently at fair value with gains or losses recorded in profit and loss.

### **Income taxes**

Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity. Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is recorded using the statement of financial position liability method, providing for temporary differences, between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences do not result in deferred tax assets or liabilities: goodwill not deductible for tax purposes; the initial recognition of assets or liabilities that affect both accounting or taxable loss; and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

## **2. SIGNIFICANT ACCOUNTING POLICIES (continued)**

### **Income taxes (continued)**

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

### **Related party transactions**

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions.

Parties are also considered to be related if they are subject to common control and related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

### **Adoption of new accounting standards and amendments**

The standards that were adopted for the period beginning on December 1, 2014 or earlier had no effect on the Company's financial statements for the periods presented, as a result, none of the standards are disclosed.

### **New and Revised IFRS Issued but Not Effective**

Certain new standards, interpretations and amendments to existing standards have been issued by the IASB or IFRIC that are mandatory for accounting periods noted below. Some updates that are not applicable or are not consequential to the Company may have been excluded from the list below.

#### *New accounting standards effective December 1, 2016*

##### IAS 1 – Presentation of Financial Statements

In December 2014, the IASB issued an amendment to address perceived impediments to preparers exercising their judgment in presenting their financial reports. The changes clarify that materiality considerations apply to all parts of the financial statements and the aggregation and disaggregation of line items within the financial statements. The Company does not anticipate this amendment to have a significant impact on its financial statements.

#### *Standard effective for annual periods beginning on or after December 1, 2018*

IFRS 9, Financial Instruments, was issued in November 2009 and addresses classification and measurement of financial assets. It replaces the multiple category and measurement models in IAS 39, Financial Instruments – Recognition and Measurement, 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. Such instruments are either recognized at fair value through profit or loss or at fair value through other comprehensive income. The effective date of this new standard has recently been deferred by the IASB. The Company has not yet assessed the impact of this standard or determined whether it will adopt earlier.

**ALEXANDRA CAPITAL CORP.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**NOVEMBER 30, 2016 and 2015**  
(EXPRESSED IN CANADIAN DOLLARS)

**3. EXPLORATION AND EVALUATION ASSETS**

***Southern Belle ("SB") Property, British Columbia***

On February 17, 2014, the Company entered into an Option Agreement with Qualitas Holdings Corp. whereby the Corporation acquired an option to earn an undivided 100% interest in and to the eight (8) mineral claims comprising the Southern Belle ("SB") Property, located approximately 25 kilometers west of Merritt, British Columbia totaling 3,517 hectares. The Option Agreement was amended on May 2, 2014 to substitute Eastland Management Ltd. for Qualitas Holdings Corp. as optionor of the claims.

On August 26, 2015, the Company and Eastland Management amended the Option Agreement so that on the first anniversary of TSXV approval (August 11, 2015) the Company must arrange for payment of \$10,000 to Eastland Management in lieu of the original obligation to issue 200,000 common shares. All other aspects of the Option Agreement remain unchanged.

In order to maintain the Option in good standing and earn a 100% interest in the SB Property, the Company is required to incur exploration expenditures totaling \$100,000 on or before August 11, 2015 (completed) and make the following payments and share issuances:

	<b>Cash</b>	<b>Shares</b>
Upon receipt of Technical Report from Eastland (paid)	\$ 10,000	-
Upon exchange acceptance of the Agreement (paid and issued)	15,000	200,000
On or before August 11, 2015 (paid)	10,000	-
On or before August 11, 2016**	-	300,000
	<b>\$ 35,000</b>	<b>\$ 500,000</b>

\*\*300,000 shares have been issued and allotted subsequent to November 30, 2016.

*Expenditures*

Expenditures for the years ended November 30, 2016 and 2015 are as follows:

<b>Southern Belle Property– British Columbia</b>	<b>November 30, 2016</b>	<b>November 30, 2015</b>
Acquisition costs:		
Balance, beginning	\$ 45,000	\$ 35,000
Additions	-	10,000
<b>Balance, Ending</b>	<b>45,000</b>	<b>45,000</b>
Explorations costs:		
<b>Balance, Beginning and Ending</b>	<b>120,012</b>	<b>120,012</b>
<b>Total</b>	<b>\$ 165,012</b>	<b>\$ 165,012</b>

**ALEXANDRA CAPITAL CORP.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**NOVEMBER 30, 2016 and 2015**  
(EXPRESSED IN CANADIAN DOLLARS)

**4. SHARE CAPITAL**

- (a) Authorized: Unlimited number of common shares without par value

The authorized capital of the Company consists of an unlimited number of common shares without par value. As at November 30, 2016, there were 12,934,000 common shares issued and outstanding (November 30, 2015 – 12,934,000).

- (b) Escrowed Shares

In accordance with the TSX Venture Exchange CPC policy guidelines, all seed shares issued at a price lower than the price of the Initial Public Offering (IPO) shares, all securities acquired by non-arm's length parties to the Company, and all securities acquired by a Control Person are held in escrow and will be released over a period of three years from the acceptance of the Company's qualifying transaction.

As at November 30, 2016, the Company has 2,400,000 (November 30, 2015: 4,800,000) common shares held in escrow. These common shares held in escrow are released as follows: 10% (800,000 common shares) released on the date of the acceptance of the Company's qualifying transaction and 15% (1,200,000 common shares) released every six months thereafter.

- (c) Stock Options

On November 12, 2014 the Company adopted an incentive stock option plan (the "Option Plan") which provides that the Board of Directors of the Company may from time to time, in its discretion, and in accordance with the Exchange requirements, grant to directors, officers, employees, and consultants to the Company, non-transferable options to purchase common shares, provided that the number of common shares reserved for issuance will not exceed 10% of the issued and outstanding common shares in the capital of the Company at the time of granting of options.

Stock option transactions and the number of stock options outstanding as at November 30, 2016 and 2015 are summarized as follows:

	<b>Number of Options</b>	<b>Weighted Exercise Price</b>
Balance, November 30, 2015 and 2014	1,250,000	\$0.15
Cancelled and forfeited	(375,000)	-
<b>Balance, November 30, 2016</b>	<b>875,000</b>	<b>\$0.16</b>

<b>Expiry Date</b>	<b>Exercise Price</b>	<b>Options outstanding and exercisable</b>	<b>Weighted average remaining contractual life(year)</b>
	\$		
November 11, 2019	0.30	250,000	2.95
May 1, 2022	0.10	500,000	5.42
July 30, 2023	0.15	125,000	6.67
		<b>875,000</b>	<b>4.89</b>



**ALEXANDRA CAPITAL CORP.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**NOVEMBER 30, 2016 and 2015**  
(EXPRESSED IN CANADIAN DOLLARS)

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**4. SHARE CAPITAL (continued)**

Option-pricing models require the use of highly subjective estimates and assumptions including the expected stock price volatility. Changes in the underlying assumptions can materially affect the fair value estimates and therefore, in management's opinion, existing models do not necessarily provide reliable measure of the fair value of the Company's stock options.

(d) Share purchase warrants

Share purchase warrant transactions and the number of share purchase warrants outstanding as at November 30, 2016 and 2015 are summarized as follows:

	Number of Warrants	Weighted Average Exercise Price	Expiry Date
<b>Balance, November 30, 2016, 2015 and 2014</b>	<b>2,640,000</b>	<b>\$0.10</b>	August 11, 2019

As at November 30, 2016, the above noted share purchase warrants have a weighted average remaining contractual life of 2.70 years.

**5. FINANCIAL RISK MANAGEMENT**

The Company's financial assets consist of cash and short-term investments. The estimated fair values of cash and short-term investments approximate their respective carrying values due to the short period to maturity.

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- a. Level 1 – unadjusted quoted prices in active markets for identical assets or liabilities;
- b. Level 2 – inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- c. Level 3 – inputs that are not based on observable market data.

For the years ended November 30, 2016 and 2015, the Company's cash and short term investments are classified as Level 1.

The Company is exposed to a variety of financial instrument related risks. The Board approves and monitors the risk management processes, inclusive of counterparty limits, controlling and reporting structures. The type of risk exposure and the way in which such exposure is managed is provided as follows:

*Liquidity Risk*

Liquidity risk is the risk that the Company will not be able to meet its financial obligations when they become due. The Company ensures, as far as reasonably possible, it will have sufficient capital in order to meet short-term business requirements, after taking into account cash flows from operations and the Company's holdings of cash. The Company believes that these sources will be sufficient to cover the likely short-term cash requirements.

## **5. FINANCIAL RISK MANAGEMENT (continued)**

### *Liquidity Risk (continued)*

The Company's cash is currently invested in business accounts which is available on demand by the Company for its operations.

### *Interest Rate Risk*

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. The Company is exposed to risks associated with the effects of fluctuations in the prevailing levels of market interest rates. The Company has no significant interest rate risk. As of November 30, 2016, the Company had cash balance of \$10,276 and \$90,000 in GICs (November 30, 2015: \$10,186 and \$215,106, respectively). The Company had no interest-bearing debt.

### *Credit Risk*

Credit risk is the risk of a loss in a counterparty to a financial instrument when it fails to meet its contractual obligations. The Company's exposure to credit risk is limited to its cash and short-term investments. The Company limits its exposure to credit risk by holding its cash and short-term investments in deposits with high credit quality Canadian financial institutions.

## **6. 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 acquisition and exploration of mineral properties. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. The Company defines capital that it manages as share capital and cash equivalents.

The property in which the Company currently has an interest is in the exploration stage; as such the Company has historically relied on equity financing to fund its activities. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There were no changes in the Company's approach to capital management during the years ended November 30, 2016 and 2015.

## **7. RELATED PARTY TRANSACTIONS**

The amounts due to related parties are due to the directors and officers of the Company. The balances are unsecured, non-interest bearing and have no specific terms for repayment. Accordingly, the fair value cannot readily be determined. These transactions are in the normal course of operations and have been valued in these financial statements at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

As at November 30, 2016 and 2015, there was no related party balance with the directors and officers of the Company.

During the years ended November 30, 2016 and 2015, the Company incurred the following amounts through transactions with the CFO of the Company:

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**7. RELATED PARTY TRANSACTIONS (continued)**

	November 30, 2016	November 30, 2015
Consulting fees	\$ 10,500	\$ 6,000

**8. INCOME TAXES**

The following table reconciles the expected income taxes expense (recovery) at the Canadian statutory income tax rates to the amounts recognized in the statements of operations and comprehensive loss for the years ended November 30, 2016 and 2015:

	2016	2015
	\$	\$
Net loss before tax and comprehensive loss	(108,087)	(89,433)
Statutory tax rate	26.00%	26.00%
Expected income tax (recovery)	(28,103)	(23,253)
Non-deductible items	21	-
Change in estimates	5,087	12,109
Change in deferred tax asset not recognized	22,995	11,144
Total tax expense (recovery)	-	-

Deferred taxes reflect the tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their corresponding values for tax purposes. Deferred tax assets (liabilities) at November 30, 2016 and 2015 are comprised of the following:

	2016	2015
	\$	\$
Tax losses carryforward	24,703	31,200
Exploration and evaluation assets	(24,703)	(31,200)
Net deferred tax asset (liability)	-	-

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**8. INCOME TAXES (continued)**

The unrecognized deductible temporary differences are as follows:

	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
Tax losses carryforward	414,539	297,682
Cumulative eligible capital	270	270
Financing costs	18,050	46,466
Unrecognized deductible temporary differences	432,859	344,418

**Non-capital losses carryforward**

As at November 30, 2016, the Company has not recognized a deferred tax asset in respect of non-capital losses carryforwards of approximately \$414,539 (2015: \$297,682) which may be carried forward to apply against future year income tax for Canadian income tax purposes, subject to the final determination by taxation authorities, expiring in 2033 to 2036.

Expiry	\$
2033	38,172
2034	117,154
2035	122,790
2036	136,423
TOTAL	414,539

**9. SUBSEQUENT EVENT**

See Note 3.