



FINANCIAL STATEMENTS

THREE AND SIX MONTHS ENDED OCTOBER 31, 2016 AND 2015

WABI EXPLORATION INC.
Statements of Financial Position
(Expressed in Canadian Dollars)

As at	October 31, 2016 \$	April 30, 2016 \$
	(Unaudited)	
ASSETS		
CURRENT		
Cash (Note 10)	640	933
Amounts receivable (Note 4)	2,082	1,470
TOTAL ASSETS	2,722	2,403
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities (Note 5)	126,150	123,802
Advance from related party (Note 11)	116,677	98,235
Accrued interest on convertible debenture	3,413	3,088
Convertible debenture (Note 6)	65,000	65,000
TOTAL LIABILITIES	311,240	290,125
SHAREHOLDERS' DEFICIENCY		
CAPITAL STOCK (Note 7(b))	2,330,207	2,330,207
EQUITY PORTION OF CONVERTIBLE DEBENTURE (Note 6)	10,292	10,292
DEFICIT	(2,649,017)	(2,628,221)
TOTAL SHAREHOLDERS' DEFICIENCY	(308,518)	(287,722)
TOTAL LIABILITIES AND SHAREHOLDERS' DEFICIENCY	2,722	2,403
GOING CONCERN (Note 1)		
CONTINGENCIES (Note 12)		
SUBSEQUENT EVENTS (Note 15)		

APPROVED ON BEHALF OF THE BOARD:

Signed, "Andrew McQuire" _____ Director

Signed, "James Brady" _____ Director

See accompanying notes to the financial statements.

WABI EXPLORATION INC.
Statements of Operations and Comprehensive Loss
(Expressed in Canadian Dollars)
(Unaudited)

For the periods ended October 31,	Three months ended,		Six months ended,	
	2016	2015	2016	2015
	\$	\$	\$	\$
EXPENSES				
Exploration expenditures				
Claims renewal fee	1,264	-	1,264	-
Licenses and permits	-	1,737	-	1,737
	1,264	1,737	1,264	1,737
General and administrative expenses				
Professional fees	1,054	3,127	1,271	3,892
Office and general	1,511	1,515	3,011	3,015
Shareholder relations	11,860	6,829	14,825	9,117
Interest on convertible debenture	162	162	325	325
Interest and bank charges	43	19	100	76
	14,630	11,652	19,532	16,425
NET LOSS AND COMPREHENSIVE LOSS FOR THE PERIOD	(15,894)	(13,389)	(20,796)	(18,162)
Loss per share - basic and diluted	(0.00)	(0.00)	(0.00)	(0.00)
Weighted average number of shares outstanding - basic and diluted	19,477,450	19,494,613	19,477,450	19,494,613

See accompanying notes to the financial statements.

WABI EXPLORATION INC.
Statements of Cash Flows
(Expressed in Canadian Dollars)
(Unaudited)

For the periods ended October 31,	2016	2015
	\$	\$
Operating activities:		
Net loss for the period	(20,796)	(18,162)
Net change in non-cash working capital balances:		
Amounts receivable	(612)	(234)
Accounts payable and accrued liabilities	2,348	2,278
Interest on convertible debenture	325	325
Cash used in operating activities	(18,735)	(15,793)
Financing activities:		
Advance from related party	18,442	17,275
Cash provided by financing activities	18,442	17,275
(Decrease) increase in cash	(293)	1,482
Cash, beginning of period	933	797
Cash, end of period	640	2,279
Supplemental Information:		
Interest paid	-	-
Taxes paid	-	-
Issuance of shares to acquire net smelter royalty	-	-

See accompanying notes to the financial statements.

WABI EXPLORATION INC.
Statements of Changes in Equity
(Expressed in Canadian Dollars)
(Unaudited)

	Number of Shares	Capital Stock \$	Equity Portion of Convertible Debenture \$	Share- based Payments Reserve \$	Retained Earnings (Deficit) \$	Total Equity \$
Balance May 1, 2015	19,494,613	2,256,464	10,292	73,743	(2,587,633)	(247,134)
Net Loss After Tax	-	-	-	-	(18,162)	(18,162)
Expiry of warrants	-	73,743	-	(73,743)	-	-
Balance October 31, 2015	19,494,613	2,330,207	10,292	-	(2,605,795)	(265,296)
Net Loss After Tax	-	-	-	-	(22,246)	(22,246)
Cancellation of shares on consolidation	(17,163)	-	-	-	-	-
Balance April 30, 2016	19,477,450	2,330,207	10,292	-	(2,628,221)	(287,722)
Net Loss After Tax	-	-	-	-	(20,796)	(20,796)
Balance October 31, 2016	19,477,450	2,330,207	10,292	-	(2,649,017)	(308,518)

See accompanying notes to the financial statements.

WABI EXPLORATION INC.

Notes to the Financial Statements

For the three and six months ended October 31, 2016 and 2015

1. NATURE OF OPERATIONS AND GOING CONCERN

Wabi Exploration Inc. (the "Company") is a Canadian junior resource company, which holds a 0.5% Net Smelter Royalty ("NSR") in the Georgia Lake and Conway Properties located in the Thunder Bay Mining District, Ontario. The Company is incorporated and domiciled in Ontario, Canada. The registered address of the Company and its principal place of business is 400-365 Bay Street, Toronto, ON M5H 2V1. The Company's shares are listed on the Canadian Securities Exchange ("CSE").

The business of 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 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.

Although the Company has taken steps to verify title to the property on which it is conducting exploration and in which it has an interest, in accordance with industry standards for the current stage of exploration of the property, these procedures do not guarantee the Company's title. Property title may be subject to government licensing requirements or regulations, unregistered prior agreements, unregistered claims, aboriginal claims, and non-compliance with regulatory and environmental requirements.

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"), applicable to a going concern, under which material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern must be disclosed. As at October 31, 2016, the Company had not yet achieved profitable operations and continues to be dependent upon its ability to obtain sufficient working capital from external financing to meet the Company's liabilities as they become payable, and ultimately to generate profitable future operations. As at October 31, 2016, the Company had a working capital deficiency of \$308,518 (April 30, 2016 - \$287,722) as well as cumulative losses totaling \$2,649,017 (2016 - \$2,628,221). The Company has been able to settle its liabilities as they come due through advances received from an officer and director. There is no guarantee that these advances will continue in the future. These financial statements do not give effect to adjustments that would be necessary should the Company be unable to continue as a going concern and, therefore, be required to realize its assets and liquidate its liabilities and commitments in other than the normal course of operations, and at amounts different from those in the financial statements.

2. BASIS OF PREPARATION

(i) Statement of Compliance

These unaudited condensed interim financial statements ("interim financial statements") of Wabi Exploration Inc. as at and for the three and six months ended October 31, 2016, have been prepared in accordance with IAS 34, Interim Financial Reporting, and do not include all of the information required for full annual financial statements. Accordingly, certain information and disclosures normally included in annual financial statements prepared in accordance with IFRS have been omitted or condensed.

These interim financial statements of the Company for the three and six months ended October 31, 2016 and 2015 were approved and authorized for issue by the Board of Directors on December 14, 2016.

(ii) Basis of presentation and functional currency

These interim financial statements were prepared under the historical cost basis, except for certain assets which are measured at fair value as explained in the accounting policies set out in Note 3 of the audited annual financial statements for the years ended April 30, 2016 and 2015. In addition, these interim financial statements have been prepared using the accrual basis of accounting except for cash flow information.

The financial statements are presented in Canadian Dollars, which is the functional currency of the Company.

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(iii) Significant accounting judgements, estimates and assumptions

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates and these differences could be material.

The areas which require management to make significant judgments, estimates and assumptions in determining carrying values include, but are not limited to:

- Income taxes and recoverability of potential deferred tax assets

In assessing the probability of realizing income tax assets recognized, management makes estimates related to expectations of future taxable income, applicable tax planning opportunities, expected timing of reversals of existing temporary differences and the likelihood that tax positions taken will be sustained upon examination by applicable tax authorities. In making its assessments, management gives additional weight to positive and negative evidence that can be objectively verified. Estimates of future taxable income are based on forecasted cash flows from operations and the application of existing tax laws in each jurisdiction. The Company considers whether relevant tax planning opportunities are within the Company's control, are feasible, and are within management's ability to implement. Examination by applicable tax authorities is supported based on individual facts and circumstances of the relevant tax position examined in light of all available evidence. Where applicable tax laws and regulations are either unclear or subject to ongoing varying interpretations, it is reasonably possible that changes in these estimates can occur that materially affect the amounts of income tax assets recognized. Also, future changes in tax laws could limit the Company from realizing the tax benefits from the deferred tax assets. The Company reassesses unrecognized income tax assets at each reporting period.

- Share-based payments

Management determines costs for share-based payments using market-based valuation techniques. The fair value of the market-based and performance-based share awards are determined at the date of grant using generally accepted valuation techniques. Assumptions are made and judgment used in applying valuation techniques. These assumptions and judgments include estimating the future volatility of the stock price, expected dividend yield, future employee turnover rates and future employee stock option exercise behaviors and corporate performance. Such judgments and assumptions are inherently uncertain. Changes in these assumptions affect the fair value estimates.

- Contingencies

See Note 12.

- Assets' carrying values and impairment charges

In the determination of carrying values and impairment charges, management looks at the higher of recoverable amount or fair value less costs to sell in the case of assets and at objective evidence, significant or prolonged decline of fair value on financial assets indicating impairment. These determinations and their individual assumptions require that management make a decision based on the best available information at each reporting period.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied in these interim financial statements have been prepared following the same accounting policies and methods of computation as the audited annual financial statements for the years ended April 30, 2016 and 2015.

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(i) **New accounting policies**

Adoption of New and Revised Standards and Interpretations

Certain pronouncements were issued by the IASB or the International Financial Reporting Interpretations Committee (“IFRIC”) that are mandatory for accounting periods on or after January 1, 2016. Many are not applicable or do not have a significant impact on the Company.

IAS 1 – Presentation of Financial Statements (“IAS 1”) was amended in December 2014 in order to clarify, among other things, that information should not be obscured by aggregating or by providing immaterial information, that materiality consideration apply to all parts of the financial statements and that even when a standard requires a specific disclosure, materiality considerations do apply. The amendments are effective for annual periods beginning on or after January 1, 2016. Earlier adoption permitted. The Company has determined that IAS 1 has no material impact on its financial statements.

Future Accounting Pronouncements

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for the Company’s accounting periods beginning on May 1, 2017 or later periods. Many of these updates are not applicable or are not consequential to the Company and have been excluded from the list below. The following have not yet been adopted and are being evaluated to determine their impact on the Company.

IFRS 9 – Financial Instruments (“IFRS 9”) was issued by the IASB in November 2009 with additions in October 2010 and will replace IAS 39 Financial Instruments: Recognition and Measurement (“IAS 39”). IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9, except that an entity choosing to measure a financial liability at fair value will present the portion of any change in its fair value due to changes in the entity’s own credit risk in other comprehensive income, rather than within profit or loss. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. The amendments to IFRS 9 are effective for annual periods beginning on or after January 1, 2018. Early adoption is permitted.

4. AMOUNTS RECEIVABLE

	October 31, 2016	April 30, 2016
GST/HST receivable	\$ 2,082	\$ 1,470

5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	October 31, 2016	April 30, 2016
Accounts payable and accrued liabilities	\$ 126,151	\$ 123,802
Accrued interest on convertible debt	3,413	3,088
	\$ 129,564	\$ 126,890

6. CONVERTIBLE DEBENTURE

The Company’s President and CEO, James Brady, from time to time, advances funds to the Company for working capital needs. In August 2011, Mr. Brady executed a promissory note in the amount of \$65,000 in the form of a convertible debenture. The debenture is convertible into common shares of the Company at a price of \$0.05 per common share, was originally due August 3, 2012, is unsecured and bears interest at

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1% per annum. In August 2012, Mr. Brady opted to extend the terms of repayment of the debenture for one year to August 3, 2013; in each subsequent year since then, the terms were again extended by one year and the debenture is now due on August 3, 2017. Wabi entered into this related party transaction due to current global financial conditions and limited alternate sources of financing. The debenture is classified as a liability, with the exception of the portion relating to the conversion feature, which is classified as equity.

7. CAPITAL STOCK

(a) As at October 31, 2016 and April 30, 2016, the Company's authorized number of common shares was unlimited without par value.

(b) **Common Shares**

Issued

19,477,450 Common Shares	Shares	Amount
	#	\$
Balance, May 1, 2015	19,494,613	2,256,464
Expiry of warrants (Note 8)	-	73,743
Cancellation of shares on consolidation ⁽ⁱ⁾	(17,163)	-
Balance, April 30, 2016 and October 31, 2016	<u>19,477,450</u>	<u>2,330,207</u>

(i) On November 17, 2014, at Wabi's annual and special meeting of shareholders, the Company's shareholders approved the consolidation and split of its issued share capital, the implementation of which resulted in the elimination of all shareholdings of less than 500 shares. The shareholdings of less than 500 shares were eliminated through a consolidation of the common shares on a 1-for-500 basis, and fractional shares were canceled. The remaining shares were subsequently split on a 500-for-1 basis. A total of 39,086 shares were cancelled in the transaction. During the year ended April 30, 2016, the transfer agent advised that an additional 17,163 shares had been cancelled as part of that consolidation. Wabi has adjusted its records to agree to those of the transfer agent.

Shares reserved for issuance - Convertible Debenture

The Company has 1,300,000 reserved for issuance at a price of \$0.05 per share on or before August 3, 2017 under the terms of the convertible debenture (see Note 6).

8. SHARE-BASED PAYMENTS RESERVE

	Number of Options	Weighted Average Exercise Price	Value of Options	Number of Warrants	Weighted Average Exercise Price	Value of Warrants	Total Value
Balance May 1, 2015	-	\$ -	\$ -	3,803,604	0.10	\$ 73,743	\$ 73,743
Expired	-	-	-	(3,803,604)	(0.10)	(73,743)	(73,743)
Balance April 30, 2016 and October 31, 2016	-	\$ -	\$ -	-	0.10	\$ -	\$ -

Warrants

As at October 31, 2016, there were no warrants outstanding.

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Options

The Company's Stock Option Plan ("the Plan") provides for the granting of stock options to directors, officers, employees and consultants of the Company. The Plan is administered by the Board of Directors, which determines individual eligibility under the Plan, number of shares reserved for optioning to each individual (not to exceed 5% of issued and outstanding shares to any one individual) and the vesting period. The maximum number of shares of the Company that are issuable pursuant to the Plan is limited to 10% of the issued and outstanding shares of the Company as at the date of the grant of options.

As at October 31, 2016, the Company had no options outstanding.

9. 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, exploration and evaluation of its properties. The capital of the Company consists of shareholder's loan, capital stock and share-based payments reserve. 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 property in which the Company currently has a royalty interest is in the exploration stage; as such, the Company is dependent on external financing to fund its activities. In order to pay for administrative costs, the Company will spend its existing working capital and raise additional amounts as needed. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so.

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 as at and during the periods ended October 31, 2016 or 2015. The Company is not subject to capital requirements imposed by a lending institution.

10. FINANCIAL INSTRUMENTS

Details of the significant accounting policies and methods adopted (including the criteria for recognition, the bases of measurement, and the bases for recognition of income and expenses) for each class of financial asset and financial liability are disclosed in Note 3 to the audited financial statements for the years ended April 30, 2016 and 2015.

Financial assets and liabilities as at October 31, 2016 and April 30, 2016 were as follows:

	Cash, loans and receivables	Other liabilities	Total
As at October 31, 2016	\$	\$	\$
Cash	640	-	640
Accounts payable and accrued liabilities	-	(126,151)	(126,151)
Accrued interest on convertible debenture	-	(3,413)	(3,413)
Advance from related party	-	(116,677)	(116,677)
Convertible debenture	-	(65,000)	(65,000)
	640	(311,241)	(310,601)

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As at April 30, 2016	Cash, loans and receivables \$	Other liabilities \$	Total \$
Cash	933	-	933
Accounts payable and accrued liabilities	-	(123,802)	(123,802)
Accrued interest on convertible debenture	-	(3,088)	(3,088)
Advance from related party	-	(98,235)	(98,235)
Convertible debenture	-	(65,000)	(65,000)
	933	(290,125)	(289,192)

Financial Instrument Risk Factors

The Company's risk exposures and the impact on the Company's financial instruments are summarized below. There have been no changes in the risks, objectives, policies or procedures as at and during the periods ended October 31, 2016 and 2015.

Credit Risk

The Company's credit risk is primarily attributable to cash. The Company has no significant concentration of credit risk arising from operations. Cash consists of bank deposits which have been invested with reputable financial institutions, from which management believes the risk of loss to be remote.

Liquidity Risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at October 31, 2016, the Company had cash and amounts receivable of \$2,722 (April 30, 2016 - \$2,403) to settle current liabilities of \$311,241 (April 30, 2016 - \$290,125). As such, liquidity risk for the Company should be considered high. All of the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms, except for the convertible debenture and accrued interest on convertible debenture described in Note 6, and the advance from related party described in Note 11.

Market Risk

a. Interest rate risk

The Company's current policy is to invest excess cash in investment-grade short-term deposit certificates issued by its banking institutions. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its banks. Management considers interest rate risk to be minimal given that, as at October 31, 2016, no amounts were held in short-term deposit certificates.

b. Foreign currency risk

The Company's functional currency is the Canadian Dollar and major purchases are transacted in Canadian Dollars. Management believes the foreign exchange risk derived from currency conversions at this time are small and therefore, does not hedge its foreign exchange risk. The Company does not hold balances in foreign currencies to give rise to exposure to foreign exchange risk.

c. Price risk

The Company may be indirectly exposed to price risk with respect to commodity prices. Changes in commodity prices will impact the economics of development of the property underlying the Company's royalty holding. Price risk is remote since the property underlying the royalty is not currently a revenue producing property.

Fair value

Fair value estimates are made at the reporting date, based on relevant market information and information about the financial instrument. These estimates are subjective in nature and involve uncertainties in significant matters of judgment and therefore cannot be determined with precision. Changes in assumptions could

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significantly affect these estimates. The carrying amounts for cash, amounts receivable, convertible debenture and accounts payable and accrued liabilities on the statement of financial position approximate fair value because of the limited term of the instruments. It is not possible to determine if the advances from related party are at fair value as there is no comparable market value for such a loan.

At October 31, 2016, the Company had no financial instruments that are carried at fair value.

11. RELATED PARTY DISCLOSURES

The amounts due to related parties of the Company at the period end date, as disclosed in the table below, arose as a result of transactions entered into with the related parties in the ordinary course of business.

	<u>October 31, 2016</u>	<u>April 30, 2016</u>
Officers and directors	\$ 104,351	\$ 100,294
Convertible debenture	\$ 65,000	\$ 65,000
Accrued interest on convertible debenture	\$ 3,413	\$ 3,088
Advance from related party	\$ 116,677	\$ 98,235

The convertible debenture is owed to the Company's President and CEO, James Brady, and is convertible into common shares of the Company at a price of \$0.05 per common share, is due August 3, 2017, is unsecured and bears interest at 1% per annum (Note 6). Accrued interest on the debenture of \$3,413 has been included on the statement of financial position as at October 31, 2016 (April 30, 2016 - \$3,088).

The amount advanced from related party relates to a loan from Mr. Brady, which is due on demand, unsecured and non-interest bearing. No guarantees have been given for this amount.

See also Note 14 for additional related party transactions.

The amounts to officers and directors are included in accounts payable and accrued liabilities at October 31, 2016. The total consists of \$24,860 (April 30, 2016 - \$21,470) owing to the Company's CFO for management services rendered. No amount was paid to the CFO for management services during the period ended October 31, 2016 and 2015. Also included in accounts payable is an additional \$79,491 (April 30, 2016 - \$78,824), which relates to legal services rendered by a lawyer who also acts as the Company's Corporate Secretary. These services were incurred for general corporate matters, attending to filings, and for attendance at board and committee meetings. No amount was paid to the Corporate Secretary for legal services during the three and six months ended October 31, 2016 and 2015. All services were provided in the normal course of business and were made on terms equivalent to prevailing market rates for arm's length transactions.

Compensation of key management personnel of the Company

The remuneration of directors and other members of key management personnel during the recent three and six month periods and its prior year comparative period was as follows:

For the periods ended October 31,	Three months ended,		Six months ended,	
	2016	2015	2016	2015
Salaries including bonuses	\$ 1,500	\$ 1,500	\$ 3,000	\$ 3,000
Share-based payments	-	-	-	-
Total remuneration	\$ 1,500	\$ 1,500	\$ 3,000	\$ 3,000

In accordance with IAS 24, key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly, including any directors (executive and non-executive) of the Company.

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12. ENVIRONMENTAL CONTINGENCIES

The Company's mining and exploration activities are subject to various laws and regulations governing the protection of the environment. These laws and regulations are continually changing and generally becoming more restrictive. The Company conducts its operations so as to protect public health and the environment and believes its operations are materially in compliance with all applicable laws and regulations. The Company has made, and expects to make in the future, expenditures to comply with such laws and regulations.

13. EXPLORATION AND EVALUATION PROPERTY

In October 2015, the Company obtained a Free Miner's Certificate for the Province of British Columbia, and during the period from August to October 2015 staked four claims in the Copper Mountain area of Princeton, B.C. No work was planned or performed on these claims during the six months ended October 31, 2016. During the period then ended, the Company forfeited one of those claims.

14. NET SMELTER ROYALTY

In December 2014, Wabi acquired from its President and CEO (the "Assignor") the right, title and interest in a 0.5% Net Smelter Royalty ("NSR") in the Georgia Lake and Conway Properties located in the Thunder Bay Mining District, Ontario. Pursuant to the terms of the agreement, the Company issued an aggregate of 500,000 common shares to the Assignor as consideration for the value of the NSR. The transaction was approved by the CSE.

15. SUBSEQUENT EVENTS

- i) Subsequent to the period ended October 31, 2016, Wabi's President and CEO advanced \$600 to the Company to cover administrative expenses. The amount owing is due on demand, unsecured and non-interest bearing. No guarantees have been given for this amount (See Note 11).