

**ALCHEMIST MINING INC.**

**Financial Statements**

**Three Months Ended July 31, 2016**

**Expressed in Canadian Dollars**

## **NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS**

Under National Instrument 51-102, Part 4, subsection 4.3(3) (a), if an auditor has not performed a review of the interim financial statements they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor Smythe Ratcliffe LLP has not performed a review of these financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

September 29, 2016

**ALCHEMIST MINING INC.**  
**Condensed Interim Statements of Financial Position**  
**(Unaudited – Expressed in Canadian Dollars)**

	July 31, 2016	April 30, 2016
<b>Assets</b>		
<b>Current</b>		
Cash	\$ 17,388	\$ 1,121
Amounts receivable	4,271	2,452
Prepaid expenses (note 13)	50,000	-
	71,659	3,573
<b>Equipment</b> (note 6)	788	846
<b>Exploration and Evaluation Assets</b> (note 7)	21,000	21,000
	\$ 93,447	\$ 25,419
<b>Liabilities</b>		
<b>Current</b>		
Accounts payable and accrued liabilities	\$ 152,386	\$ 129,181
Notes payable (notes 8 and 10)	103,353	126,711
	255,739	255,892
<b>Shareholders' Equity (Deficit)</b>		
<b>Share Capital</b> (note 9)	1,518,133	1,453,133
<b>Reserves</b>	124,000	124,000
<b>Share Subscriptions Received</b>	20,000	-
<b>Deficit</b>	(1,824,425)	(1,807,606)
	(162,292)	(230,473)
	\$ 93,447	\$ 25,419

Approved on behalf of the Board:

*"Keith Anderson"*

..... Director

Keith Anderson

*"Dal Brynelsen"*

..... Director

Dal Brynelsen

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

**ALCHEMIST MINING INC.**  
**Condensed Interim Statements of Operations and Comprehensive Loss**  
**(Unaudited – Expressed in Canadian Dollars)**

	<b>Three Months Ended</b>	
	<b>July 31, 2016</b>	<b>July 31, 2015</b>
<b>Expenses</b>		
Accounting, legal and audit (note 10)	\$ 4,708	\$ 241
Administration fees (recovery) (note 10)	(20,000)	-
Amortization	58	97
Consulting fees	10,500	10,500
Filing fees and shareholder information	2,005	8,101
Management fees (note 10)	19,500	31,500
Office and general	48	88
<b>Net Loss and Comprehensive Loss for the Period</b>	<b>\$ 16,819</b>	<b>\$ 50,527</b>
<b>Basic and Diluted Loss Per Share</b>	<b>\$ (0.00)</b>	<b>\$ (0.00)</b>
<b>Weighted Average Number of Common Shares Outstanding – Basic and Diluted</b>	<b>16,456,143</b>	<b>14,389,100</b>

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

**ALCHEMIST MINING INC.**  
**Condensed Interim Statements of Changes in Shareholders' Equity (Deficit)**  
**(Unaudited – Expressed in Canadian Dollars)**

	Number of Shares	Share Capital	Reserves		Share Subscriptions Received	Deficit	Total
			Share-based Payments	Warrants			
<b>Balance, April 30, 2015</b>	<b>14,389,100</b>	<b>\$ 1,493,873</b>	<b>\$ 101,081</b>	<b>\$ 24,016</b>	<b>\$ -</b>	<b>\$ (1,577,408)</b>	<b>\$ 41,562</b>
Expiry of warrants	-	-	-	(1,097)	-	1,097	-
Plan of arrangement (note 9)	-	(132,000)	-	-	-	-	(132,000)
Net loss and comprehensive loss for the period	-	-	-	-	-	(50,527)	(50,527)
<b>Balance, July 31, 2015</b>	<b>14,389,100</b>	<b>1,361,873</b>	<b>101,081</b>	<b>22,919</b>	<b>-</b>	<b>(1,626,838)</b>	<b>(140,965)</b>
Exercise of warrants	1,404,000	91,260	-	-	-	-	91,260
Net loss and comprehensive loss for the period	-	-	-	-	-	(180,768)	(180,768)
<b>Balance, April 30, 2016</b>	<b>15,793,100</b>	<b>1,453,133</b>	<b>101,081</b>	<b>22,919</b>	<b>-</b>	<b>(1,807,606)</b>	<b>(230,473)</b>
Exercise of warrants	1,000,000	65,000	-	-	-	-	65,000
Share subscriptions received	-	-	-	-	20,000	-	20,000
Net loss and comprehensive loss for the period	-	-	-	-	-	(16,819)	(16,819)
<b>Balance, July 31, 2016</b>	<b>16,793,100</b>	<b>\$ 1,518,133</b>	<b>\$ 101,081</b>	<b>\$ 22,919</b>	<b>\$ 20,000</b>	<b>\$ (1,824,425)</b>	<b>\$ (162,292)</b>

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

**ALCHEMIST MINING INC.**  
**Condensed Interim Statements of Cash Flows**  
**For the Three Months Ended July 31,**  
**(Unaudited – Expressed in Canadian Dollars)**

	<b>2016</b>	<b>2015</b>
<b>Operating Activities</b>		
Net loss	\$ (16,819)	\$ (50,527)
Item not involving cash		
Amortization	58	97
	(16,761)	(50,430)
Changes in non-cash working capital		
Amounts receivable	(1,819)	(2,521)
Prepaid expenses	(50,000)	(3,675)
Accounts payable and accrued liabilities	23,205	(1,573)
<b>Cash Used in Operating Activities</b>	<b>(45,375)</b>	<b>(58,199)</b>
<b>Financing Activities</b>		
Repayment of notes payable	(23,358)	(1,589)
Share subscriptions received	20,000	20,000
Proceeds from exercise of warrants	65,000	-
<b>Cash Provided by Financing Activities</b>	<b>61,642</b>	<b>18,411</b>
<b>Increase (Decrease) in Cash</b>	<b>16,267</b>	<b>(39,788)</b>
<b>Cash, Beginning of Period</b>	<b>1,121</b>	<b>39,731</b>
<b>Cash, End of Period</b>	<b>\$ 17,388</b>	<b>\$ (57)</b>

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

## **ALCHEMIST MINING INC.**

### **Notes to the Condensed Interim Financial Statements**

**For the Three Months Ended July 31, 2016**

**(Unaudited – Expressed in Canadian Dollars, unless otherwise stated)**

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#### **1. NATURE OF OPERATIONS**

Alchemist Mining Inc. (the "Company") was incorporated as NY85 Capital Inc. under the *Business Corporations Act* on October 22, 2010 in the province of British Columbia. On October 1, 2012, the shareholders of the Company approved the name change from NY85 Capital Inc. to Alchemist Mining Inc. at the Annual General and Special Meeting of the Company. On August 20, 2014, the Company de-listed from the TSX-V and commenced trading on the Canadian Securities Exchange ("CSE"). The common shares of the Company are listed for trading on the CSE under the symbol AMS. The Company operates in a single business segment focusing on mineral exploration in Canada.

The principal business office of the Company is located at 1288 Steeple Drive, Coquitlam, British Columbia, V3E 1K2.

#### **2. GOING CONCERN UNCERTAINTY**

These financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations.

Several adverse conditions cast significant doubt on the validity of this assumption. For the three months ended July 31, 2016, the Company incurred a net loss of \$16,819 (2015 - \$50,527), and as at July 31, 2016, has an accumulated deficit of \$1,824,425 (April 30, 2016 - \$1,807,606), has limited resources, no sources of operating cash flow and no assurances that sufficient funding will be available to continue operations for an extended period of time. The Company is in the exploration stage, and accordingly, has not yet commenced revenue-producing operations.

The application of the going concern concept is dependent upon the Company's ability to satisfy its liabilities as they become due and to obtain the necessary financing to complete the exploration and development of its mineral property interests, the attainment of profitable mining operations or the receipt of proceeds from the disposition of its mineral property interests. Management is actively engaged in the review and due diligence on opportunities of merit in the mining sector and will require and is seeking to raise the necessary capital to meet its funding requirements. There can be no assurance that management's plan will be successful. If the going concern assumption were not appropriate for these consolidated financial statements then adjustments may be necessary in the carrying value of assets and liabilities, the reported expenses and the statement of financial position classifications used. Such adjustments could be material.

#### **3. BASIS OF PRESENTATION**

##### **Approval of the financial statements**

The financial statements of the Company for the three months ended July 31, 2016, were reviewed by the Audit Committee and approved and authorized for issue on September 29, 2016 by the Board of Directors of the Company.

**ALCHEMIST MINING INC.**  
**Notes to the Condensed Interim Financial Statements**  
**For the Three Months Ended July 31, 2016**  
**(Unaudited – Expressed in Canadian Dollars, unless otherwise stated)**

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**3. BASIS OF PRESENTATION (Continued)**

**Statement of compliance**

The condensed interim financial statements of the Company have been prepared in accordance with IAS 34 Interim Financial Reporting.

The condensed interim financial statements of the Company should be read in conjunction with the Company's 2016 annual financial statements, which have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

**Basis of preparation**

The financial statements are presented in Canadian dollars, which is also the Company's functional currency. The financial statements of the Company have been prepared on an accrual basis except for cash flow information, and are based on historical costs, except for certain financial instruments, which are stated at their fair values.

**4. SIGNIFICANT ACCOUNTING POLICIES**

The condensed interim financial statements have been prepared, for all periods presented, following the same accounting policies and methods of computation as described in Note 4 to the audited financial statements for the year ended April 30, 2016.

**5. FINANCIAL INSTRUMENTS**

Financial instruments are agreements between two parties that result in promises to pay or receive cash or equity instruments. The Company classifies its financial instruments as follows: cash is classified as financial assets at FVTPL; and accounts payable and accrued liabilities and notes payable, as other financial liabilities, which are measured at amortized cost. The carrying values of these instruments approximate their fair values due to their short term to maturity.

The Company has exposure to the following risks from its use of financial instruments:

- Credit risk;
- Liquidity risk; and
- Market risk.

**Credit risk**

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Company manages credit risk, in respect of cash, by placing cash at major Canadian financial institutions. The Company has minimal credit risk.

**Liquidity risk**

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquid funds to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The contractual financial liabilities of the Company as of July 31, 2016 equal \$255,739 (April 30, 2016 - \$255,892). All of the liabilities presented as accounts payable are due within 90 days of July 31, 2016.

**ALCHEMIST MINING INC.**  
**Notes to the Condensed Interim Financial Statements**  
**For the Three Months Ended July 31, 2016**  
**(Unaudited – Expressed in Canadian Dollars, unless otherwise stated)**

**5. FINANCIAL INSTRUMENTS (Continued)**

**Market risk**

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates, will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return on capital.

As at July 31, 2016, the Company is not exposed to significant market risk.

**6. EQUIPMENT**

	Computer Equipment	Furniture & Fixtures	Total
<b>Cost</b>			
Balance, April 30, 2015 and 2016 and July 31, 2016	\$ 2,724	\$ 2,032	\$ 4,756
<b>Amortization</b>			
Balance, April 30, 2015	\$ 2,324	\$ 1,200	\$ 3,524
Amortization	220	166	386
Balance, April 30, 2016	2,544	1,366	3,910
Amortization	25	33	58
Balance, July 31, 2016	\$ 2,569	\$ 1,399	\$ 3,968
<b>Net Book Value</b>			
April 30, 2016	\$ 180	\$ 666	\$ 846
July 31, 2016	\$ 155	\$ 633	\$ 788

**7. EXPLORATION AND EVALUATION ASSETS**

**Tchentlo Lake Property**

On June 24, 2014, the Company entered into an option agreement to acquire up to an 80% interest in the Tchentlo Lake Property ("Tchentlo"), consisting of six mineral claims in British Columbia. Payment terms of the agreement were amended on August 6, 2015 and again on August 25, 2015.

In consideration for earning a 51% interest in Tchentlo, the Company must make payments and issue common shares as follows:

**ALCHEMIST MINING INC.****Notes to the Condensed Interim Financial Statements****For the Three Months Ended July 31, 2016****(Unaudited – Expressed in Canadian Dollars, unless otherwise stated)**

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**7. EXPLORATION AND EVALUATION ASSETS (Continued)****Tchentlo Lake Property (continued)**

- \$5,500 in cash (paid) and 100,000 common shares of the Company (issued and valued at \$5,500);
- \$10,000 in cash on or before September 8, 2015 (paid);
- \$20,000 in cash and 250,000 common shares of the Company on or before August 20, 2016; and
- \$25,000 in cash on or before August 20, 2017.

The Company must also incur \$255,000 in exploration expenditures as follows:

- \$80,000 on or before August 20, 2016; and
- \$175,000 on or before August 20, 2017.

The vendor will retain a 2% net smelter royalty on Tchentlo of which the Company can buy back 1% on or before August 20, 2021 for \$500,000.

The Company can earn an additional 29% interest in Tchentlo (total of 80%) by making the following payments and issuing common shares as follows:

- \$25,000 in cash and 250,000 common shares of the Company on or before August 20, 2018; and
- \$50,000 in cash and 250,000 common shares of the Company on or before August 20, 2019.

The terms of the Tchentlo Lake Property were amended subsequent to July 31, 2016 (note 13).

**Environmental**

The Company is subject to the laws and regulations relating to environmental matters in all jurisdictions in which it operates. 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 the 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 mineral properties, the potential for production on the property may be diminished or negated.

**Title to exploration and evaluation interests**

Although the Company has taken steps to verify the title to mineral property interests 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 may be affected by undetected defects.

**ALCHEMIST MINING INC.**  
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**7. EXPLORATION AND EVALUATION ASSETS (Continued)**

	Tchentlo
Balance, April 30, 2015	\$ 11,000
<b>Acquisition Costs</b>	
Cash	10,000
<b>Balance, April 30, 2016 and July 31, 2016</b>	<b>\$ 21,000</b>

**8. PLANS OF ARRANGEMENT**

**December 30, 2014**

Effective December 30, 2014, the Company entered into a Plan of Arrangement (the "Arrangement"). Pursuant to the Arrangement, the Company exchanged all of its issued and outstanding common shares for one new common share, one Class 1 reorganization share and one Class 2 reorganization share of the Company.

All of the Class 1 reorganization shares were transferred by shareholders to a wholly-owned subsidiary of the Company, Boomer Financial Inc. ("Spinco1"), a private British Columbia company, in exchange for 2,200,000 common shares of Spinco1 issued to shareholders on a pro rata basis. The Company redeemed all of the Class 1 reorganization shares by the transfer to Spinco1 of \$22,000 of working capital and a promissory note in the principal amount of \$22,000.

Further, all of the Class 2 reorganization shares were transferred by shareholders to a wholly-owned subsidiary of the Company, Vanrocco Financial Inc. ("Spinco2"), in exchange for 2,200,000 shares of Spinco2 issued to shareholders on a pro rata basis. The Company redeemed all of the Class 2 reorganization shares by the transfer to Spinco2 of \$22,000 of working capital and a promissory note in the principal amount of \$22,000.

The promissory notes are without interest or stated terms of repayment. During the three months ended July 31, 2016, \$nil (year ended April 30, 2016 - \$1,589) was repaid on the notes payable.

Subsequent to the closing of the Arrangement, the shareholders of the Company owned shares of both Spinco1 and Spinco2 directly.

**July 16, 2015**

Effective July 16, 2015, the Company entered into a second Plan of Arrangement (the "Second Arrangement"). Pursuant to the Second Arrangement, the Company exchanged all of its issued and outstanding common shares for one new common share, one Class 1 reorganization share, one Class 2 reorganization share and one Class 3 reorganization share of the Company.

All of the Class 1 reorganization shares were transferred by shareholders to a wholly-owned subsidiary of the Company, Alexis Financial Inc. ("Spinco3"), a private British Columbia company, in exchange for 2,200,000 common shares of Spinco3 issued to shareholders on a pro rata basis. The Company redeemed all of the Class 1 reorganization shares by the transfer to Spinco3 of \$15,000 of cash and a promissory note in the principal amount of \$29,000.

Further, all of the Class 2 reorganization shares were transferred by shareholders to a wholly-owned subsidiary of the Company, ChiChi Financial Inc. ("Spinco4"), in exchange for 2,200,000 shares of Spinco4 issued to shareholders on a pro rata basis. The Company redeemed all of the Class 2 reorganization shares by the transfer to Spinco4 of \$15,000 of cash and a promissory note in the principal amount of \$29,000.

**ALCHEMIST MINING INC.**  
**Notes to the Condensed Interim Financial Statements**  
**For the Three Months Ended July 31, 2016**  
**(Unaudited – Expressed in Canadian Dollars, unless otherwise stated)**

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**8. PLANS OF ARRANGEMENT (Continued)**

**July 16, 2015** (continued)

Further, all of the Class 3 reorganization shares were transferred by shareholders to a wholly-owned subsidiary of the Company, SYD Financial Inc. (“Spinco5”), in exchange for 2,200,000 shares of Spinco5 issued to shareholders on a pro rata basis. The Company redeemed all of the Class 3 reorganization shares by the transfer to Spinco5 of \$15,000 of cash and a promissory note in the principal amount of \$29,000.

The promissory notes are without interest or stated terms of repayment. During the three months ended July 31, 2016, \$23,358 (year ended April 30, 2016 - \$nil) was repaid on the notes payable.

Subsequent to the closing of the Second Arrangement, the shareholders of the Company owned shares of Spinco3, Spinco4 and Spinco5.

**9. SHARE CAPITAL**

**Authorized**

Unlimited number of common shares without par value

**Issued**

*For the three months ended July 31, 2016:*

Share subscriptions receivable of \$20,000 were collected for a private placement that closed subsequent to July 31, 2016.

The Company received \$65,000 on the exercise of 1,000,000 warrants.

*For the year ended April 30, 2016:*

Share subscriptions receivable of \$25,000 were collected.

The Company received \$91,260 on the exercise of 1,404,000 warrants.

**Escrow Shares**

On October 22, 2010, the Company issued 400,000 common shares at \$0.25 per share for total proceeds of \$100,000. These common shares are to be held in escrow. Upon issuance of the Final Exchange Bulletin pursuant to the completion of the qualifying transaction (“QT”), 10% of the common shares were released from escrow and an additional 15% is to be released every six months thereafter. While in escrow, the escrow shares may not be sold, assigned, hypothecated, transferred within escrow or otherwise dealt with in any manner without the consent of the regulatory authorities.

During the year ended April 30, 2013, the QT was completed and the first 10% and an additional 15% of the common shares were released from escrow. During the year ended April 30, 2014, 30% of the common shares were released from escrow. During the year ended April 30, 2015, 30% of the common shares were released from escrow. During the year ended April 30, 2016 the remaining 15% was released from escrow and as at July 31, 2016, the balance of escrow shares was nil (April 30, 2016 - nil).

**ALCHEMIST MINING INC.**  
**Notes to the Condensed Interim Financial Statements**  
**For the Three Months Ended July 31, 2016**  
**(Unaudited – Expressed in Canadian Dollars, unless otherwise stated)**

**9. SHARE CAPITAL (Continued)**

**Share Options**

The Company has adopted a share option plan pursuant to which the Board of Directors of the Company may, from time to time, in its discretion, and in accordance with the CSE requirements, grant to directors, officers, employees and consultants of 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 at the time of grant and exercisable for a period of up to ten years from the date of grant. The number of common shares reserved for issuance to any individual director or officer will not exceed 5% of the issued and outstanding common shares and the number of common shares reserved for issuance to all consultants will not exceed 2% of the issued and outstanding common shares. Options may be exercised within 90 days following cessation of the optionee's position with the Company, provided that if the cessation of office, directorship, employment or consulting arrangement was by reason of death, the option may be exercised within a maximum period of one year after such death, subject to the expiry date of such option.

The changes in share options during the three months ended July 31, 2016 and the year ended April 30, 2016 are summarized as follows:

	July 31, 2016		April 30, 2016	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Outstanding, beginning and end of period	188,000	\$ 0.10	188,000	\$ 0.10

The following table summarizes information about share options outstanding at July 31, 2016:

Expiry Date	Weighted Average Remaining Contractual Life in Years	Exercise Price	Options Outstanding	Options Exercisable
July 9, 2017	0.94	\$ 0.10	168,000	168,000
February 13, 2018	1.54	\$ 0.10	20,000	20,000
	1.00	\$ 0.10	188,000	188,000

*For the three months ended July 31, 2016 and the year ended April 30, 2016:*

No share options were issued, exercised or expired.

**Warrants**

The changes in warrants during the three months ended July 31, 2016 and the year ended April 30, 2016 are summarized as follows:

**ALCHEMIST MINING INC.**  
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**(Unaudited – Expressed in Canadian Dollars, unless otherwise stated)**

**9. SHARE CAPITAL (Continued)**

**Warrants (continued)**

	July 31, 2016		April 30, 2016	
	Number of Warrants	Weighted Average Exercise Price	Number of Warrants	Weighted Average Exercise Price
Outstanding, beginning of year	6,729,000	\$ 0.12	8,453,000	\$ 0.12
Exercised	(1,000,000)	\$ 0.07	(1,404,000)	\$ 0.07
Expired	-	-	(320,000)	\$ 0.50
Outstanding, end of year	5,729,000	\$ 0.07	6,729,000	\$ 0.07 **

\*\* On July 24, 2015, the Company amended the terms of 7,730,000 share purchase warrants by reducing the exercise price to \$0.065.

A summary of warrants outstanding at July 31, 2016 is as follows:

Expiry Date	Weighted Average Remaining Contractual Life in Years	Exercise Price	Warrants Outstanding
August 20, 2016*	0.05	\$ 0.065	3,855,000
August 20, 2016*	0.05	\$ 0.20	340,000
April 2, 2017	0.67	\$ 0.065	1,471,000
April 2, 2017	0.67	\$ 0.10	63,000
	0.22	\$ 0.07	5,729,000

\* Expired unexercised subsequent to July 31, 2016

*For the year ended April 30, 2016:*

On June 7, 2015, 260,000 share purchase warrants expired unexercised. An additional 20,000 agent warrants expired unexercised for which the Company transferred \$1,097 to deficit from warrants reserve.

On July 24, 2015, the Company amended the terms of 7,730,000 share purchase warrants by reducing the exercise price to \$0.065. The share purchase warrants amended were the 5,500,000 share purchase warrants granted August 20, 2014 to subscribers and the 2,230,000 share purchase warrants granted April 2, 2015 to subscribers. The terms of the agent warrants granted on the same dates were not amended.

On July 29, 2015, 40,000 share purchase warrants expired unexercised.

On August 20, 2015, the exercise price of 340,000 agent warrants increased from \$0.10 to \$0.20 as per the original terms.

**ALCHEMIST MINING INC.**  
**Notes to the Condensed Interim Financial Statements**  
**For the Three Months Ended July 31, 2016**  
**(Unaudited – Expressed in Canadian Dollars, unless otherwise stated)**

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**10. RELATED PARTY TRANSACTIONS**

Key management personnel compensation for the three months ended July 31, 2016 and 2015 is as follows:

	July 31, 2016	July 31, 2015
Short-term compensation	\$ 19,500	\$ 31,500

The \$19,500 recorded as short-term compensation for the three months ended July 31, 2016 (2015 - \$31,500) was recorded as management fees.

At July 31, 2016, \$92,410 of unpaid management fees and expense reimbursements was included in accounts payable and accrued liabilities (April 30, 2016 - \$70,885).

At July 31, 2016, notes payable of \$103,353 (April 30, 2016 - \$126,711) from the plans of arrangement are held by companies with common directors (note 8).

During the three months ended July 31, 2016, the Company recovered \$20,000 (2015 - \$nil) of shared administration costs from a company with common directors.

**11. CAPITAL MANAGEMENT**

The Company considers its capital to be comprised 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 attempt to issue new shares. Although the Company has been successful at raising funds in the past through the issuance of share capital, it is uncertain whether it will continue this method of financing due to the current difficult market conditions.

In order to facilitate the management of its capital requirements, the Company prepares expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions.

Management reviews the capital structure on a regular basis to ensure that the above objectives are met. There have been no changes to the Company's approach to capital management during the three months ended July 31, 2016. The Company is not subject to external restrictions on its capital.

**12. SEGMENTED INFORMATION**

The Company operates in a single reportable operating segment, mineral exploration and development, and all of its operations are in Canada.

**13. EVENTS AFTER THE REPORTING DATE**

- a) On August 15, 2016 the Company closed a non-brokered private placement and raised \$95,000 through the issuance of 1,900,000 units at a price of \$0.05 per unit. Each unit consists of one common share and one share purchase warrant. Each whole warrant is exercisable by the holder to acquire an additional common share of the Company for a period of one year from issuance at an exercise price of \$0.075 per share.
- b) On August 15, 2016, the Company issued 1,750,000 common shares as settlement of \$87,500 in accounts payable.

**ALCHEMIST MINING INC.**

**Notes to the Condensed Interim Financial Statements**

**For the Three Months Ended July 31, 2016**

**(Unaudited – Expressed in Canadian Dollars, unless otherwise stated)**

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**13. EVENTS AFTER THE REPORTING DATE (Continued)**

- c) On August 17, 2016, the terms of the Tchentlo Lake Property were amended as follows:
- The cash payment of \$20,000 due August 20, 2016, was reduced to \$5,000;
  - The payment of 250,000 common shares due August 20, 2016, was reduced to 100,000 common shares; and
  - The requirement to incur \$80,000 in exploration expenditures on or before August 20, 2016 was removed. The total exploration expenditures required is now \$175,000 by August 20, 2017.
- d) On September 8, 2016, the Company entered into an option agreement to acquire up to a 70% in the Nemaska Lake Property (“Nemaska”) located in Quebec.
- In consideration for earning a 51% interest in Nemaska, the Company must pay \$35,000 and issue 1,200,000 common shares over a period of one year. The Company must also spend \$250,000 in exploration expenditures within two years of the approval date of the transaction.
- In consideration for earning an additional 19% interest in Nemaska, the Company must pay an additional \$30,000 and issue an additional 1,000,000 common shares within two years of the approval date of the transaction and incur an additional \$200,000 in exploration expenditures within three years of the approval date of the transaction.
- e) On September 15, 2016, the Company granted 1,850,000 share options to officers, directors and consultants. The options are exercisable at \$0.05 per share and expire on September 15, 2018.
- f) Subsequent to July 31, 2016, a total of 36,000 share options granted to former directors of the Company expired unexercised.
- g) Subsequent to July 31, 2016, a Letter of Intent (“LOI”) with a private British Columbia company expired. The Company had prepaid \$50,000 for an acquisition as part of the LOI. The \$50,000 was expensed to general exploration costs and no further obligations remain.