



**CONDENSED INTERIM FINANCIAL STATEMENTS**

**FOR THE THREE AND NINE MONTHS ENDED  
JULY 31, 2016**

*(Unaudited)*  
*(Expressed in Canadian Dollars)*

**NOTICE OF NO AUDITOR REVIEW OF THE CONDENSED INTERIM FINANCIAL STATEMENTS**

The accompanying unaudited condensed interim financial statements have been prepared by management and approved by the Audit Committee. The Company's independent auditors have not performed a review of these condensed interim financial statements in accordance with the standards established for a review of interim financial statements by an entity's auditors.

**CARMAX MINING CORP.**  
**CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION**  
*(Unaudited)*  
**(Expressed in Canadian Dollars)**

	As at July 31, 2016	As at October 31, 2015
<b><u>ASSETS</u></b>		
<b>Current Assets</b>		
Cash	\$ 1,120,055	\$ 512,829
GST receivable	21,700	19,823
Prepaid expenses	-	9,150
<b>Total Current Assets</b>	<b>1,141,755</b>	<b>541,802</b>
<b>Investment (Note 5)</b>	<b>11,000</b>	<b>2,500</b>
<b>Reclamation Deposits (Note 6)</b>	<b>135,000</b>	<b>135,000</b>
<b>Exploration and Evaluation Assets (Note 7)</b>	<b>9,868,837</b>	<b>9,184,280</b>
<b>Total Assets</b>	<b>\$ 11,156,592</b>	<b>\$ 9,863,582</b>
<b><u>LIABILITIES AND EQUITY</u></b>		
<b>Current Liabilities</b>		
Accounts payable and accrued liabilities	\$ 370,307	\$ 312,796
<b>Decommissioning Provision (Note 8)</b>	<b>35,890</b>	<b>35,467</b>
<b>Promissory Note (Note 11)</b>	<b>100,000</b>	<b>100,000</b>
<b>Total Liabilities</b>	<b>506,197</b>	<b>448,263</b>
<b>Equity</b>		
Share capital (Note 9)	15,992,459	14,500,597
Share-based payment reserve	279,077	279,077
Accumulated other comprehensive loss	(13,500)	(22,000)
Deficit	(5,607,641)	(5,342,355)
<b>Total Equity</b>	<b>10,650,395</b>	<b>9,415,319</b>
<b>Total Liabilities and Equity</b>	<b>\$ 11,156,592</b>	<b>\$ 9,863,582</b>

These unaudited condensed interim financial statements were approved and authorized for issue by the Board of Directors on September 19, 2016 by:

"Jevin Werbes"  
 \_\_\_\_\_  
 Chief Executive Officer

"Elmer Stewart"  
 \_\_\_\_\_  
 Director

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

**CARMAX MINING CORP.**  
**CONDENSED INTERIM STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS**  
*(Unaudited)*  
(Expressed in Canadian Dollars)

	Three Months Ended		Nine months Ended	
	July 31, 2016	July 31, 2015	July 31, 2016	July 31, 2015
<b>Operating Expenses</b>				
Accretion	\$ 141	\$ 141	\$ 423	\$ 423
Consulting	31,625	37,750	147,889	125,250
Director fees	4,500	-	14,500	-
Insurance	14,700	20,924	23,850	29,108
Office	3,038	4,292	14,246	27,161
Professional fees	2,273	1,200	16,587	25,231
Promotion and entertainment	365	6,926	6,046	15,496
Rent	3,750	1,250	11,250	8,150
Share-based payments	-	3,282	-	37,782
Shareholder communications	5,903	2,865	10,695	27,463
Transfer agent , regulatory fees	-	8,277	16,944	16,586
Travel	60	7,899	5,421	12,796
<b>Loss Before Non-Operating Items</b>	<b>(66,355)</b>	<b>(94,806)</b>	<b>(267,851)</b>	<b>(325,446)</b>
<b>Non-Operating Income</b>				
Interest income	1,454	387	2,565	1,557
<b>Net and Comprehensive Loss</b>	<b>(64,901)</b>	<b>(94,420)</b>	<b>(265,286)</b>	<b>(323,889)</b>
<b>Basic and Fully Diluted Loss per Share</b>				
	\$ (0.00)	\$ (0.00)	\$ (0.00)	\$ (0.00)
<b>Weighted Average Number of Shares Outstanding</b>				
	<b>101,742,526</b>	<b>63,227,750</b>	<b>88,263,074</b>	<b>63,227,750</b>

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

**CARMAX MINING CORP.**  
**CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY FOR THE PERIOD OF OCTOBER 31, 2014 TO JULY 31, 2016**  
*(Unaudited)*  
(Expressed in Canadian Dollars)

	Shares	Amount	Share- Based Payment Reserve	Accumulated Other Comprehensive Loss	Deficit	Total Equity
Balance, October 31, 2014	55,562,076	\$ 13,768,130	\$ 270,399	\$ (19,500)	\$ (4,999,196)	\$ 9,019,833
Shares issued for cash	16,180,450	809,023	-	-	-	809,023
Share issuance costs	-	(46,556)	-	-	-	(46,556)
Expiration of share-based compensation	-	-	(44,328)	-	44,328	-
Revaluation of investment to market value	-	-	-	(2,500)	-	(2,500)
Share-based compensation	-	-	53,006	-	-	53,006
Flow-through share premium	-	(30,000)	-	-	-	(30,000)
Net loss for the year	-	-	-	-	(387,485)	(387,485)
<b>Balance, October 31, 2015</b>	<b>71,742,526</b>	<b>\$ 14,500,597</b>	<b>\$ 279,077</b>	<b>\$ (22,000)</b>	<b>\$ (5,342,355)</b>	<b>\$ 9,415,319</b>
Shares issued for cash	30,000,000	1,500,000	-	-	-	1,500,000
Share issuance costs	-	(8,138)	-	-	-	(8,138)
Revaluation of investment to market value	-	-	-	8,500	-	8,500
Net loss for the period	-	-	-	-	(265,286)	(265,286)
<b>Balance, July 31, 2016</b>	<b>101,742,526</b>	<b>\$ 15,992,459</b>	<b>\$ 279,077</b>	<b>\$ (13,500)</b>	<b>\$ (5,607,641)</b>	<b>\$ 10,650,395</b>

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

**CARMAX MINING CORP.**  
**CONDENSED INTERIM STATEMENTS OF CASH FLOWS**  
*(Unaudited)*  
(Expressed in Canadian Dollars)

	Nine months Ended July 31, 2016	Nine months Ended July 31, 2015
<b>Cash Used in Operating Activities</b>		
Net loss for the period	\$ (265,286)	\$ (323,889)
<i>Items not affecting cash:</i>		
Accretion	423	423
Accrued interest	-	1,115
Share-based compensation	-	37,782
	<b>(264,863)</b>	<b>(284,569)</b>
<i>Changes in non-cash working capital items:</i>		
Accounts payable and accrued liabilities	<b>(13,902)</b>	(60,187)
GST and other receivables	<b>(1,877)</b>	22,141
Prepaid expenses	<b>9,150</b>	30,493
<b>Cash Used in Operating Activities</b>	<b>(271,492)</b>	<b>(292,122)</b>
<b>Cash Provided by/(Used in) Investing Activities</b>		
B.C. Mining Exploration Tax Credit received	-	29,838
Exploration and evaluation assets	<b>(613,144)</b>	(384,169)
Short term investments, net	-	250,000
<b>Cash Used in Investing Activities</b>	<b>(613,144)</b>	<b>(104,331)</b>
<b>Cash Provided by/(Used in) Financing Activities</b>		
Deferred financing costs	-	(3,500)
Proceeds from share issuances	<b>1,500,000</b>	809,022
Share issue costs	<b>(8,138)</b>	(46,556)
<b>Cash Provided by Financing Activities</b>	<b>1,491,862</b>	<b>758,966</b>
Increase in cash for the period	<b>607,226</b>	362,513
Cash, beginning of year	<b>512,829</b>	75,656
<b>Cash, End of Period</b>	<b>\$ 1,120,055</b>	<b>\$ 438,169</b>

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

## **CARMAX MINING CORP.**

Notes to the Condensed Interim Financial Statements for the Three and Nine months Ended July 31, 2016  
(Unaudited) (Expressed in Canadian Dollars)

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

Carmax Mining Corp. ("**Carmax**" or the "**Company**") was incorporated under the Canada Business Corporations Act on June 16, 2000 and is listed on the TSX Venture Exchange ("**TSX:V**").

The Company maintains its head office at #217-179 Davie Street, Vancouver, British Columbia, Canada, V6Z 2Y1.

The Company's principal business activity is the acquisition and exploration of resource properties. The Company presently has no proven or probable reserves and on the basis of information to date, it has not yet determined whether these properties contain economically recoverable ore reserves. Consequently, the Company considers itself to be an exploration stage company.

### **2. BASIS OF PRESENTATION**

#### *a) Statement of Compliance*

These condensed consolidated interim financial statements are prepared in accordance with International Accounting Standard ("**IAS**") 34 Interim Financial Reporting under International Financial Reporting Standards ("**IFRS**") issued by the International Accounting Standards Board.

They do not include all information required for full annual financial statements and should be read in conjunction with the Company's audited annual financial statements for the year ended October 31, 2015.

These financial statements were authorized for issue by the Board on September 19, 2016.

#### *b) Basis of Measurement*

These financial statements have been prepared on a historical cost basis except for financial instruments that have been measured at fair value. In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information. The functional currency of the Company is the Canadian dollar, being the currency of the economic environment of the Company's operations. The functional currency is also the presentation currency.

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods. See Note 4 for Critical Accounting Estimates and Judgments made by management in the application of IFRS.

## **CARMAX MINING CORP.**

Notes to the Condensed Interim Financial Statements for the Three and Nine months Ended July 31, 2016  
(Unaudited) (Expressed in Canadian Dollars)

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### **3. SIGNIFICANT ACCOUNTING POLICIES**

The preparation of financial data is based on accounting principles and practices consistent with those used in the preparation of the audited annual financial statements as at October 31, 2015. The significant accounting policies used in the preparation of these financial statements set out below have been applied consistently in all material respects.

#### *Accounting Standards Issued But Not Yet Applied*

International Financial Reporting Standard 9, Financial Instruments (“IFRS 9”), was issued in November 2009. It addresses classification and measurement of financial assets and replaces the multiple category and measurement models in IAS 39 for debt instruments with a new mixed measurement model having only two categories: amortized cost and fair value through profit or loss. IFRS 9 also replaces the models for measuring equity instruments and such instruments are either recognized at fair value through profit or loss or at fair value through other comprehensive income. Where such equity instruments are measured at fair value through other comprehensive income, dividends, to the extent not clearly representing a return of investment, are recognized in profit or loss; however, other gains and losses (including impairments) associated with such instruments remain in accumulated other comprehensive income indefinitely. This standard is required to be applied for accounting periods beginning on or after January 1, 2018, with earlier adoption permitted. The Company has not yet assessed the impact of the standard or determined whether it will adopt the standard early.

#### *Recently Adopted Accounting Pronouncements*

Subsequent to the year ended October 31, 2015, there have been no new accounting policies adopted by the Company.

### **4. USE OF ESTIMATES AND JUDGEMENTS**

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of income and expenses during the reporting period. The preparation of the financial statements also requires management to exercise judgment in the process of applying the accounting policies.

On an on-going basis, management evaluates its judgments and estimates in relation to assets, liabilities and expenses. Management uses historical experience and various other factors it believes to be reasonable under the given circumstances, as the basis for its judgments and estimates. Revisions to accounting estimates are recognised prospectively from the period in which the estimates are revised. Actual outcomes may differ from those estimates under different assumptions and conditions.

#### Critical Accounting Estimates

The following are the key estimate and assumption uncertainties that have a significant risk of resulting in a material adjustment within the next financial year.



## **CARMAX MINING CORP.**

Notes to the Condensed Interim Financial Statements for the Three and Nine months Ended July 31, 2016  
(Unaudited) (Expressed in Canadian Dollars)

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### **4. USE OF ESTIMATES AND JUDGEMENTS (Continued)**

#### *Impairment*

Assets, especially exploration and evaluation assets; are reviewed for impairment whenever events or changes in circumstances indicate that their carrying amounts exceed their recoverable amounts. The assessment of the recoverable amount requires estimates and assumptions such as discount rates, exchange rates, commodity prices, future capital requirements and future operating performance.

#### *Share-Based Payment Transactions*

The Company measures the cost of equity-settled transactions with employees and consultants by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share option, volatility and the dividend yield. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 10.

#### *Title to Mineral Property Interests*

Although the Company has taken steps to verify title to mineral properties in which it has an interest, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfers and title may be affected by undetected defects.

#### *Decommissioning Provisions*

Management's best estimates regarding the decommissioning provisions are based on the current economic environment and future cash flows. Changes in estimates of contamination, restoration standards and restoration activities result in changes to provisions from period to period. Actual decommissioning provisions will ultimately depend on future market prices of obligations.

#### Critical Judgments Used in Applying Accounting Policies

#### *Going Concern*

Financial statements are prepared on a going concern basis, unless management either intends to liquidate the Company or to cease trading, or has no realistic alternative to do so. Assessment of the Company's ability to continue as a going concern requires the consideration of all available information about the future, which is at least, but not limited to, twelve months from the end of the reporting period. This information includes estimates of future cash flows and other factors, the outcomes of which are uncertain. When management is aware, in making its assessment, of material uncertainties related to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern, those uncertainties are disclosed. Management has determined that disclosure is not required for these statements.

## CARMAX MINING CORP.

Notes to the Condensed Interim Financial Statements for the Three and Nine months Ended July 31, 2016  
(Unaudited) (Expressed in Canadian Dollars)

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### 4. USE OF ESTIMATES AND JUDGEMENTS (Continued)

#### *Exploration and Evaluation Expenditures*

The application of the Company's accounting policy for exploration and evaluation expenditures requires judgment in determining whether it is likely that future economic benefits will flow to the Company, which is based on assumptions about future events or circumstances. Estimates and assumptions made may change if new information becomes available. If, after the expenditure is capitalized, information becomes available suggesting that the recovery of the expenditure is unlikely, the amount capitalized is impaired in the statement of operations during the period the new information becomes available.

#### *Income taxes*

Significant judgment is required in determining the provision for future income taxes. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Company recognizes liabilities and contingencies for anticipated tax audit issues based on the Company's current understanding of the tax law. For matters where it is probable that an adjustment will be made, the Company records its best estimate of the tax liability including the related interest and penalties in the current tax provision. Management believes they have adequately provided for the probable outcome of these matters; however, the final outcome may result in a materially different outcome than the amount included in the tax liabilities.

In addition, the Company recognizes deferred tax assets relating to tax losses carried forward to the extent there are sufficient taxable temporary differences (deferred tax liabilities) relating to the same taxation authority and the same taxable entity against which the unused tax losses can be utilized. However, utilization of the tax losses also depends on the ability of the taxable entity to satisfy certain tests at the time the losses are recouped.

### 5. INVESTMENT

	July 31, 2016	October 31, 2015
Alexandria Minerals Corporation – 100,000 common shares, quoted at a market value of \$0.11 as at July 31, 2016.	\$ 11,000	\$ 2,500

### 6. RECLAMATION DEPOSITS

The Company was required to post three bonds totalling \$135,000, relating to the exploration of the Eaglehead Property in British Columbia. The deposits will be refunded to the Company upon completion of reclamation to the satisfaction of the British Columbia Inspector of Mines. The reclamation deposits are being held in term deposits at various interest rates.

## CARMAX MINING CORP.

Notes to the Condensed Interim Financial Statements for the Three and Nine months Ended July 31, 2016  
(Unaudited) (Expressed in Canadian Dollars)

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### 7. EXPLORATION AND EVALUATION ASSETS

Mineral property expenditures for the nine month period ended July 31, 2016 are:

	<b>Eaglehead Property</b>
Property acquisition costs, as at October 31, 2015	\$ 622,512
Deferred exploration costs, as at October 31, 2015	8,561,768
<b>Balance as at October 31, 2015</b>	<b>9,184,280</b>

*Additions during the period:*

Assays	280,307
B.C. Mining Exploration Tax Credit receivable	(123,819)
Camp costs	95,692
Drilling	56,407
Engineering and consulting	81,037
Equipment rental	6,617
Metallurgical	10,000
Reports and mapping	3,487
Social licence	273
Storage	1,950
Supplies	16,286
Survey and geological	126,888
Technicians and labour	425
Transportation	10,327
Travel	64,100
Wages	54,580
<b>Total for the Period</b>	<b>684,557</b>
<b>Balance as at July 31, 2016</b>	<b>\$ 9,868,837</b>

## CARMAX MINING CORP.

Notes to the Condensed Interim Financial Statements for the Three and Nine months Ended July 31, 2016  
(Unaudited) (Expressed in Canadian Dollars)

### 7. EXPLORATION AND EVALUATION ASSETS (Continued)

Mineral property expenditures for the year ended October 31, 2015 are:

	<b>Eaglehead Property</b>
Property acquisition costs, as at October 31, 2014	\$ 622,512
Deferred exploration costs, as at October 31, 2014	7,764,224
<b>Balance as at October 31, 2014</b>	<b>8,386,736</b>

*Additions during the year:*

Amortization of field equipment	771
Assays	89,213
B.C. Mining Exploration Tax Credit receivable	29,838
Camp costs	43,893
Drilling	176,512
Engineering and consulting	163,760
Equipment rental	300
Reports and mapping	3,088
Storage	2,000
Supplies	13,486
Survey and geological	34,307
Technicians and labour	35,756
Transportation	26,672
Travel	82,147
Wages	95,801
<b>Total for the Year</b>	<b>797,544</b>
<b>Balance as at October 31, 2015</b>	<b>\$ 9,184,280</b>

#### **Eaglehead Property**

The Company entered into an agreement, effective October 31, 2005, with two former directors of the Company to acquire a 100% interest in the Eaglehead Property, originally consisting of 11,410 hectares, subject to a 2.5% net smelter return royalty. The Eaglehead property is located near the Dease Lake area of north central British Columbia. The option was exercised by the Company in 2008 as a result of which the area covered by the original claims as optioned became 100% owned and controlled by the Company subject to a 2.5% net smelter return royalty of which 1.5% can be purchased by the Company for \$2,000,000.

The Eaglehead property, as originally acquired, was consolidated into one legacy claim and an additional claim which when consolidated was also extended to include a further 2,130 hectares. The additional 2130 hectares involved four mineral tenures acquired from Copper Fox Metals Inc., the controlling shareholder of the Company for \$11,011, being the cost of acquisition.

## CARMAX MINING CORP.

Notes to the Condensed Interim Financial Statements for the Three and Nine months Ended July 31, 2016  
(Unaudited) (Expressed in Canadian Dollars)

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Of the four tenures three covering 981 hectares are burdened by a 2% net smelter return royalty payable to an arm's length third party, one-half (1%) of which may be purchased for \$1,000,000.

### 8. DECOMMISSIONING PROVISION

The decommissioning provision for the Eaglehead exploration and evaluation asset was estimated by management based on the Company's ownership interest, the estimated timing of the risk adjusted costs to be incurred in future periods and the Company's risk free interest rate of 1.19% at July 31, 2016. The Company has estimated the net present value of this provision at July 31, 2016 to be \$35,890 based on a total undiscounted liability of \$36,500. This undiscounted cost was determined by using a risk adjusted rate of inflation of 5% annually. These costs are expected to be incurred in 2017.

	July 31, 2016	October 31, 2015
<b>Balance, Beginning of Period</b>	\$ 35,467	\$ 34,903
Accretion	423	564
<b>Balance, End of Period</b>	\$ 35,890	\$ 35,467

### 9. SHARE CAPITAL

#### a) Authorized

An unlimited number of common shares without par value.

#### b) Issued and Outstanding

During the nine month period ended July 31, 2016, the Company incurred the following share issuances;

- The Company closed a non-brokered private placement, announced in the Company's December 21, 2015 news release (the "**Offering**"), raising gross proceeds of \$1,500,000 in flow-through funds from the issuance of 30,000,000 flow-through shares at a price of \$0.05 per share.

The placement was made in its entirety to Northern Fox. At the closing of the Offering, Northern Fox's equity interest in Carmax increased to 65.4% of the outstanding shares, 68.2% on a fully diluted basis.

The shares issued under the Offering are subject to a hold period expiring May 13, 2016.

The Company incurred share issuance costs comprising of legal fees amounting to \$8,138.

## CARMAX MINING CORP.

Notes to the Condensed Interim Financial Statements for the Three and Nine months Ended July 31, 2016  
(Unaudited) (Expressed in Canadian Dollars)

### 9. SHARE CAPITAL (Continued)

#### c) Warrants

A summary of changes in share purchase warrants for the nine month period ended July 31, 2016 and the year ended October 31, 2015 is presented below:

	Nine Months Ended July 31, 2016		Year Ended October 31, 2015	
	Number of Warrants Outstanding	Weighted Average Exercise Price	Number of Warrants Outstanding	Weighted Average Exercise Price
Balance, Beginning of Period	44,226,528	\$ 0.079	28,046,078	\$ 0.077
Expired	(24,660,000)	0.075	-	-
Issued	-	-	16,180,450	0.083
<b>Balance, End of Period</b>	<b>19,566,528</b>	<b>\$ 0.084</b>	<b>44,226,528</b>	<b>\$ 0.079</b>

As at July 31, 2016 share purchase warrants were outstanding for the purchase of common shares as follows:

Number of Warrants Outstanding	Warrant Exercise Price	Warrants Exercisable as of July 31, 2016	Warrant Expiry Date
3,386,078	\$ 0.090	3,386,078	September 25, 2016
3,000,000	\$ 0.100	3,000,000	December 23, 2016
2,180,450	\$ 0.100	2,180,450	January 14, 2017
11,000,000	\$ 0.075	11,000,000	May 1, 2017
<b>19,566,528</b>	<b>\$ 0.084</b>	<b>19,566,528</b>	

As at July 31, 2016, the weighted average remaining contractual life of the share purchase warrants was 0.56 years (October 31, 2015 – 0.91 years) and the weighted average exercise price was \$0.084 (October 31, 2015 - \$0.079).

### 10. SHARE BASED PAYMENTS

#### Stock Options

The Company has a fixed stock option plan which follows the policies of the TSX Venture Exchange (“TSX-V”) regarding stock option awards granted to directors, officers, employees and consultants. The stock option plan allows a maximum of 10% of the issued shares to be reserved for issuance under the plan.

## CARMAX MINING CORP.

Notes to the Condensed Interim Financial Statements for the Three and Nine months Ended July 31, 2016  
(Unaudited) (Expressed in Canadian Dollars)

### 10. SHARE BASED PAYMENTS (Continued)

A summary of changes in stock options for the nine month period ended July 31, 2016 and for the year ended October 31, 2015 is presented below:

	Nine Months Ended July 31, 2016		Year Ended October 31, 2015	
	Number of Options Outstanding	Weighted Average Exercise Price	Number of Options Outstanding	Weighted Average Exercise Price
Balance, Beginning of Period:	5,250,000	\$ 0.07	4,800,000	\$ 0.07
Cancelled	-	-	(800,000)	(0.08)
Granted	-	-	1,250,000	0.05
<b>Balance, End of Period</b>	<b>5,250,000</b>	<b>\$ 0.07</b>	<b>5,250,000</b>	<b>\$ 0.07</b>

As at July 31, 2016, options were outstanding for the purchase of common shares as follows:

Number of Options Outstanding	Option Exercise Price	Options Exercisable as of July 31, 2016	Option Expiry Date
550,000	\$ 0.10	550,000	September 12, 2016
3,450,000	\$ 0.07	3,450,000	July 9, 2019
900,000	\$ 0.05	900,000	April 29, 2020
350,000	\$ 0.05	350,000	October 16, 2020
<b>5,250,000</b>	<b>\$ 0.07</b>	<b>5,250,000</b>	

As at July 31, 2016, the weighted average remaining contractual life of the options was 2.87 years (October 31, 2015 – 3.62 years) and the weighted average exercise price was \$0.07 (October 31, 2015 - \$0.07).

Compensation costs attributable to the granting and vesting of share options are measured at fair value and expensed with a corresponding increase to share-based payment reserve. Upon exercise of the stock options, consideration paid by the option holder together with the amount previously recognized in share-based payment reserve is recorded as an increase to share capital. Upon expiry, the amounts recorded for share-based compensation are transferred to the deficit from the share-based payment reserve.

#### *Options Issued to Employees*

The fair value measured at the grant date is determined using a Black-Scholes option pricing model that takes into account the exercise price, expected forfeitures, the term of the option, the share price at grant date, the expected volatility of the underlying share, the dividend yield and the risk free interest rate of the option.

## CARMAX MINING CORP.

Notes to the Condensed Interim Financial Statements for the Three and Nine months Ended July 31, 2016  
(Unaudited) (Expressed in Canadian Dollars)

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During the nine month period ended July 31, 2016, the Company recorded \$Nil (nine month period ended July 31, 2015 - \$34,500) in share-based payment expense for options accruing or vesting during the period.

### *Options Issued to Non-Employees*

Options issued to non-employees are measured based on the fair value of the goods or services received at the date of receiving those goods or services. If the fair value of the goods or services received cannot be estimated reliably the options are measured by determining the fair value of the options granted using the Black-Scholes option pricing model.

During the nine month period ended July 31, 2016, the Company did not issue any options to non-employees.

The fair value of each stock option granted to employees is estimated on the date of grant. The fair value of stock options granted to non-employees that vest over time, are re-valued at each vesting period. All stock options are estimated using the Black-Scholes option-pricing model with weighted average assumptions as follows:

	<b>Nine months Ended July 31, 2016</b>	Year Ended October 31, 2015
Risk free interest rate	<b>0.65% - 0.83%</b>	0.65% - 0.83%
Expected life	<b>5 years</b>	5 years
Expected volatility	<b>136% - 143%</b>	136% - 143%
Expected forfeiture	-	-
Expected dividend yield	-	-
<b>Fair Value of Options Issued</b>	<b>\$0.03</b>	\$0.03

## 11. RELATED PARTY TRANSACTIONS

The Company closed a non-brokered private placement, announced in the Company's December 21, 2015 news release (the "**Offering**"), raising gross proceeds of \$1,500,000 in flow-through funds from the issuance of 30,000,000 flow-through shares at a price of \$0.05 per share to Northern Fox, which is a wholly owned subsidiary of Copper Fox Metals.

The placement was made in its entirety to Northern Fox. At the closing of the Offering, Northern Fox's equity interest in Carmax increased to 65.4% of the outstanding shares, 68.2% on a fully diluted basis.

Copper Fox, being the parent of the Company, consolidates 100% of the assets and liabilities related to the Company and then include a non-ownership interest portion of the assets and liabilities in their equity section.

Related party transactions are in the normal course of operations and are measured at the amount of consideration established and agreed to by the related parties.



## CARMAX MINING CORP.

Notes to the Condensed Interim Financial Statements for the Three and Nine months Ended July 31, 2016  
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### 11. RELATED PARTY TRANSACTIONS (Continued)

Key management personnel are the persons responsible for the planning, directing and controlling of the Company's activities, and include both executive and non-executive directors, as well as entities controlled by such persons. The Company considers all directors and officers of the Company to be key management personnel.

At July 31, 2016, included in accounts payable and accrued liabilities is \$Nil (October 31, 2015 – (\$3,806)) owing to companies controlled by directors, \$Nil (October 31, 2015 - \$4,830) owing to Companies controlled by officers for services rendered to the Company and \$126,019 (October 31, 2015 - \$50,254) owing to Copper Fox. These amounts payable are non-interest bearing, unsecured and have no specific terms of repayment.

In addition, for the nine month period ended July 31, 2016, \$11,250 (October 31, 2015 - \$11,900) was paid in rent to companies controlled by an officer of Carmax and \$4,263 (October 31, 2015 - \$73,403) was paid and capitalized to Eaglehead for services rendered by a company controlled by a former director.

As at July 31, 2016 and October 31, 2015, coupled with the nine months ended July 31, 2016 and July 31, 2015, the Company incurred the following capitalizations and expenditures for key management personnel and companies directly controlled by them.

	As at July 31, 2016	As at October 31, 2015
<i>Balance Sheet Items:</i>		
Exploration and evaluation assets	\$ 4,263	\$ 188,942
<b>Total</b>	<b>\$ 4,263</b>	<b>\$ 188,942</b>

	Nine Months Ended July 31, 2016	Nine Months Ended July 31, 2015
<i>Statement of Operations Items:</i>		
Consulting	\$ 110,620	\$ 86,000
Director fees	14,500	-
Office administration	-	9,000
Professional fees	-	18,010
Rent	11,250	8,150
Share-based compensation	-	30,900
<b>Total</b>	<b>\$ 136,370</b>	<b>\$ 152,060</b>

#### Promissory Note

On October 28, 2015 Copper Fox entered into a promissory note loan (the "Loan") with Carmax, whereas Copper Fox agreed to lend Carmax up to \$400,000, in minimum increments of \$50,000, for working capital purposes, as needed. Carmax shall pay interest on the principle, from the disbursement date to the due date, November 30, 2016, at a rate of 1%, compounded monthly.

## CARMAX MINING CORP.

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At any time during the term of the Loan, Copper Fox, at its sole discretion, can convert a portion or all of the loan outstanding, including unpaid interest, into free trading shares of Carmax at a price equal to the greater of \$0.05 or the 10-day average trading price, calculated over the period after notice is given, subject to the prior approval of the exchange.

As at July 31, 2016, Copper Fox had loaned Carmax a total of \$100,000.

### 12. CAPITAL RISK MANAGEMENT

The Company considers its capital structure to consist of share capital, share options, SARs and warrants. 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 development of mineral properties. The Board of Directors does not establish quantitative returns on capital criteria for management.

The mineral properties in which the Company currently has an interest are in the exploration stage; as such, the Company is dependent on external financing to fund its activities. Additional sources of funding, which may not be available on favourable terms, if at all, include: share equity and debt financings; equity, debt or property level joint ventures; and sale of interests in existing assets. In order to carry out the planned exploration and development and pay for operating expenses, the Company will spend its existing working capital and raise additional amounts as needed. 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 nine month period ended July 31, 2016. The Company is not subject to externally imposed capital requirements. The Company's investment policy is to invest its surplus cash in highly liquid short-term interest-bearing investments; all held within major Canadian financial institutions.

### 13. FINANCIAL INSTRUMENTS AND RISKS MANAGEMENT DISCLOSURES

The Company's financial assets and financial liabilities are categorized as follows:

		As at July 31, 2016		As at October 31, 2015	
	Input Level	Carrying Amount	Estimated Fair value	Carrying Amount	Estimated Fair Value
<i>Financial Assets:</i>					
Cash	1	\$ 1,120,055	\$ 1,120,055	\$ 512,829	\$ 512,829
Investment	1	\$ 11,000	\$ 11,000	\$ 2,500	\$ 2,500
<b>Total</b>		<b>\$ 1,131,055</b>	<b>\$ 1,131,055</b>	<b>\$ 515,329</b>	<b>\$ 515,329</b>

## CARMAX MINING CORP.

Notes to the Condensed Interim Financial Statements for the Three and Nine months Ended July 31, 2016  
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### 13. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT DISCLOSURES (Continued)

	Input Level	As at July 31, 2016		As at October 31, 2015	
		Carrying Amount	Estimated Fair value	Carrying Amount	Estimated Fair Value
<i>Financial Liabilities:</i>					
A/P and acc. liabilities	1	\$ 370,307	\$ 370,307	\$ 312,796	\$ 312,796
<b>Total</b>		<b>\$ 370,307</b>	<b>\$ 370,307</b>	<b>\$ 312,796</b>	<b>\$ 312,796</b>

#### Fair Value

The estimated fair values, established by IFRS 7, of cash, short term investments and accounts payable approximate their respective carrying values due to the immediate or short period to maturity. The available for sale investments are carried at fair values based on the published or electronic market price quotation.

The Company utilizes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value as follows:

*Level 1* - Unadjusted quoted prices at the measurement date for identical assets or liabilities in active markets;

*Level 2* - Inputs other than quoted prices that are observable for the asset or liability either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

*Level 3* - Significant unobservable (no market data available) inputs which are supported by little or no market activity.

#### Risk Management

Risk management is carried out by the Company's management team with guidance from the Board of Directors. The Company's risk exposures and their impact on the Company's financial instruments are summarized below:

##### a) Credit Risk

The Company does not currently generate any revenues from sales to customers nor does it hold derivative type instruments that would require a counterparty to fulfil a contractual obligation. The Company does not have any asset-backed commercial instruments. Financial instruments that potentially subject the Company to concentrations of credit risks consist principally of cash and short term investments. To minimize the credit risk the Company places cash with the high credit quality financial institutions. The Company considers its exposure to credit risk to be insignificant.

## CARMAX MINING CORP.

Notes to the Condensed Interim Financial Statements for the Three and Nine months Ended July 31, 2016  
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### 13. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT DISCLOSURES (Continued)

#### b) Liquidity Risk

Liquidity risk is the risk that the Company cannot meet its financial obligations. The Company manages liquidity risk and requirements by maintaining sufficient cash and cash equivalent balances and or through additional financings to ensure that there is sufficient capital in order to meet short term obligations. As at July 31, 2016, the Company has cash and short term investments aggregating \$1,131,055 (October 31, 2015 - \$515,329) and financial liabilities of \$370,307 (October 31, 2015 - \$312,796) which have contractual maturities of 30 days or less. The Company will require additional sources of equity, joint venture partnership or debt financing to fund ongoing operations and the exploration and development of its mineral properties.

In the event that the Company is not able to obtain adequate additional funding to continue as a going concern, material adjustments would be required to both the carrying value and classification of assets and liabilities on the statement of financial position. It is not possible to predict, due to many external factors including commodity prices and equity market conditions, as to whether future financing will be successful or available at all.

#### c) Market Risk

##### *i) Interest Rate Risk*

The Company manages its interest rate risk by obtaining commercial deposit interest rates available in the market by the major Canadian financial institutions on its cash and short term investments.

##### *ii) Foreign Exchange Risk*

The Company's functional currency and the reporting currency is the Canadian dollar. Periodically the Company incurs charges on its operations for settlement in currencies other than its functional currency and any gain or loss arising on such transactions is recorded in operations for the year.

The Company does not participate in any hedging activities to mitigate any gains or losses which may arise as a result of exchange rate changes.

As at July 31, 2016, the Company held no financial assets or liabilities which were denominated in currencies other than the Canadian dollar.

## **CARMAX MINING CORP.**

Notes to the Condensed Interim Financial Statements for the Three and Nine months Ended July 31, 2016  
(Unaudited) (Expressed in Canadian Dollars)

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### **13. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT DISCLOSURES (Continued)**

#### iii) *Commodity Price Risk*

The Company is exposed to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. To mitigate price risk, the Company closely monitors commodity prices of precious metals, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.