



CONDENSED INTERIM FINANCIAL STATEMENTS

**FOR THE THREE AND NINE MONTHS ENDED
JULY 31, 2017**

(Unaudited)
(Expressed in Canadian Dollars)

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102, “Continuous Disclosure Obligations”, 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 management and approved by the Audit Committee and the Board of Directors of the Company.

The Company’s independent auditors have not performed a review of these unaudited interim financial statements in accordance with the standards established by the Canadian Institute of Chartered Accountants 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, 2017	As at October 31, 2016
ASSETS		
Current Assets		
Cash	\$ 388	\$ 130,730
GST receivable	6,595	29,982
Total Current Assets	6,983	160,712
Investment (Note 5)	-	6,000
Reclamation Deposits (Note 6)	180,000	180,000
Exploration and Evaluation Assets (Note 7)	10,590,416	10,523,582
Total Assets	\$ 10,777,399	\$ 10,870,294
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable and accrued liabilities	\$ 190,577	\$ 142,700
Decommissioning Provision (Note 8)	36,100	36,031
Loan (Note 11)	25,000	-
Promissory Note (Note 11)	101,000	101,000
Total Liabilities	352,677	279,731
Equity		
Share capital (Note 9)	15,992,459	15,992,459
Share-based payment reserve	247,970	247,970
Accumulated other comprehensive loss	-	(18,500)
Deficit	(5,815,707)	(5,631,366)
Total Equity	10,424,722	10,590,563
Total Liabilities and Equity	\$ 10,777,399	\$ 10,870,294

These condensed interim financial statements were approved and authorized for issue by the Board of Directors on September 26, 2017 by:

"Jevin Werbes"

 Chief Executive Officer

"Chris Healey"

 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, 2017	July 31, 2016	July 31, 2017	July 31, 2016
Operating Expenses				
Accretion	\$ 23	\$ 141	\$ 69	\$ 423
Consulting	43,750	31,625	119,825	147,889
Director fees	-	4,500	3,500	14,500
Insurance	-	14,700	-	23,850
Office	203	3,038	5,879	14,246
Professional fees	845	2,273	9,159	16,587
Promotion and entertainment	-	365	1,952	6,046
Rent	4,250	3,750	11,750	11,250
Shareholder communications	750	5,903	4,039	10,695
Transfer agent , regulatory fees	1,138	-	9,130	16,944
Travel	-	60	1,246	5,421
Loss Before Non-Operating Items	50,959	66,355	166,549	267,851
Non-Operating (Income)/Expenses				
Interest income	(243)	(1,454)	(1,208)	(2,565)
Loss on sale of investment	-	-	19,000	-
Net and Comprehensive Loss	50,716	64,901	184,341	265,286
Basic and Fully Diluted Loss per Share				
	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00
Weighted Average Number of Shares Outstanding				
	101,742,526	101,742,526	101,742,526	88,263,074

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, 2015 TO JULY 31, 2017
(Unaudited)
(Expressed in Canadian Dollars)

	Shares	Amount	Share- Based Payment Reserve	Accumulated Other Comprehensive Loss	Deficit	Total Equity
Balance, October 31, 2015	71,742,525	\$ 14,500,597	\$ 279,077	\$ (22,000)	\$ (5,342,355)	\$ 9,415,319
Shares issued for cash	30,000,000	1,500,000	-	-	-	1,500,000
Share issuance costs	-	(8,138)	-	-	-	(8,138)
Expiration of share-based compensation	-	-	(31,107)	-	31,107	-
Revaluation of investment to market value	-	-	-	3,500	-	3,500
Net loss for the year	-	-	-	-	(320,118)	(320,118)
Balance, October 31, 2016	101,742,525	\$ 15,992,459	\$ 247,970	\$ (18,500)	\$ (5,631,366)	\$ 10,590,563
Accumulated other comprehensive loss	-	-	-	18,500	-	18,500
Net loss for the period	-	-	-	-	(184,341)	(184,341)
Balance, July 31, 2017	101,742,525	\$ 15,992,459	\$ 247,970	\$ -	\$ (5,815,707)	\$ 10,424,722

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, 2017	Nine Months Ended July 31, 2016
Cash Used in Operating Activities		
Net loss for the period	\$ (184,341)	\$ (265,286)
<i>Items not affecting cash:</i>		
Accretion	69	423
Accumulated Other Comprehensive Loss	18,500	
	(165,772)	(264,863)
<i>Changes in non-cash working capital items:</i>		
Accounts payable and accrued liabilities	68,663	(13,902)
GST receivable	23,387	(1,877)
Prepaid expenses	-	9,150
Cash Used in Operating Activities	(73,722)	(271,492)
Cash Used in Investing Activities		
Exploration and evaluation assets	(87,620)	(613,144)
Investments	6,000	-
Cash Used in Investing Activities	(81,620)	(613,144)
Cash Provided by Financing Activities		
Proceeds from loan	25,000	-
Proceeds from share issuances	-	1,500,000
Share issue costs	-	(8,138)
Cash Provided by Financing Activities	25,000	1,491,862
Increase / (decrease) in cash for the period	(130,342)	607,226
Cash, beginning of year	130,730	512,829
Cash, End of Period	\$ 388	\$ 1,120,055

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, 2017
(Unaudited) (Expressed in Canadian Dollars)

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 142-1146 Pacific Blvd., Vancouver, British Columbia, Canada, V6Z 2X7.

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 financial statements have been prepared in accordance with International Financial Reporting Standards (“**IFRS**”) and interpretations of the International Financial Reporting Interpretations Committee (“**IFRIC**”).

These statements do not include all information required for complete annual financial statements and should be read in conjunction with the Company’s audited annual financial statements for the year ended October 31, 2016.

These financial statements were authorized for issue by the Board of Directors on September 26, 2017.

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

CARMAX MINING CORP.

Notes to the Condensed Interim Financial Statements for the Three and Nine Months Ended July 31, 2017
(Unaudited) (Expressed in Canadian Dollars)

2. BASIS OF PRESENTATION (Continued)

revision affects both current and future periods. See Note 4 for Critical Accounting Estimates and Judgments made by management in the application of IFRS.

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, 2016. 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 and has determined that it will not adopt the standard early.

Recently Adopted Accounting Pronouncements

During the nine months ended July 31, 2017, 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.

CARMAX MINING CORP.

Notes to the Condensed Interim Financial Statements for the Three and Nine Months Ended July 31, 2017
(Unaudited) (Expressed in Canadian Dollars)

4. USE OF ESTIMATES AND JUDGEMENTS (Continued)

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.

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.

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 (Note 7).

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 prices and conditions.

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.

CARMAX MINING CORP.

Notes to the Condensed Interim Financial Statements for the Three and Nine Months Ended July 31, 2017
(Unaudited) (Expressed in Canadian Dollars)

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 and comprehensive loss 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, 2017	October 31, 2016
Alexandria Minerals Corporation – 100,000 common shares, quoted at a market value of \$0.06 as at October 31, 2016.	\$ -	\$ 6,000

On February 27, 2017, Carmax sold 100,000 shares of Alexandria Minerals Corporation for gross proceeds of \$5,500.

CARMAX MINING CORP.

Notes to the Condensed Interim Financial Statements for the Three and Nine Months Ended July 31, 2017
(Unaudited) (Expressed in Canadian Dollars)

6. RECLAMATION DEPOSITS

The Company was required to post three bonds with the Bank of Montreal and one deposit with the Minister of Mines, totalling \$180,000 (October 31, 2016 - \$180,000) for the on-going and future exploration of the Eaglehead Property in British Columbia. All deposits and bonds will be refunded to the Company upon completion of the reclamation to the satisfaction of the British Columbia Inspector of Mines once the project is completed. The reclamation bonds are being held in term deposits at various interest rates.

7. EXPLORATION AND EVALUATION ASSETS

Mineral property expenditures for the nine month period ended July 31, 2017 are:

	Eaglehead Property	
Property acquisition costs, as at October 31, 2016	\$	622,512
Deferred exploration costs, as at October 31, 2016		9,901,070
Balance as at October 31, 2016		10,523,582

Additions during the period:

Assays		5,275
Camp costs		4,207
Engineering and consulting		47,510
Reclamation work		7,964
Storage		1,600
Supplies		216
Travel		62
Total for the Period		66,834
Balance as at July 31, 2017	\$	10,590,416

Mineral property expenditures for the year ended October 31, 2016 are:

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

Additions during the year:

Assays		468,442
B.C. Mining Exploration Tax Credit received		(123,819)
Camp costs		139,277
Drilling		56,407
Engineering and consulting		197,397

CARMAX MINING CORP.

Notes to the Condensed Interim Financial Statements for the Three and Nine Months Ended July 31, 2017
(Unaudited) (Expressed in Canadian Dollars)

Equipment rental	16,475
Metallurgical	42,665
Reclamation work	51,982
Reports and mapping	3,487
Social licence	273
Storage	1,950
Supplies	20,478
Survey and geological	179,121
Technicians and labour	425
Transportation	20,355
Travel	154,287
Wages	110,100
Total for the Year	1,339,302
Balance as at October 31, 2016	\$ 10,523,582

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, subject to a 2.5% net smelter return (“NSR”) royalty. The Eaglehead property is located near the Dease Lake area of north central British Columbia. The Earnings Option was fulfilled by the Carmax in 2011 as a result of which the claims became 100% owned and controlled by the Company subject to a 2.5% NSR royalty of which 1.5% can be purchased by the Company for \$2,000,000.

In July 2014, Carmax acquired an additional four claims comprising 2,130 hectares for \$11,011 cash from Copper Fox Metals Inc. Three of the claims acquired from Copper Fox comprising of 981 hectares are subject to a 2% NSR, one-half (1%) of which may be purchased for \$1,000,000.

On April 12, 2016, Carmax was advised that its Eaglehead Property mineral claim # 1034634 had been forfeited due to a filing deficiency. Carmax requested to the Chief Gold Commissioner (“CGC”) for the Province of British Columbia to set aside the forfeiture pursuant to the CGC’s authority under Section 67 of the Mineral Tenure Act (“Act”) and grant the Company a period of time in which to comply with Section 29 of the Act. On April 22, 2016, the CGC reinstated Carmax’s mineral claim and set a deadline of September 30, 2016 to comply with Section 29 of the Act. Carmax filed a new assessment report on mineral tenure # 1024634 on September 8, 2016.

On June 14, 2016 Carmax received notice that several parties filed a petition with the Supreme Court of British Columbia against the CGC’s original decision requesting a judicial review of the CGC’s decision. The judicial review was heard in the Supreme Court of British Columbia on January 24, 2017.

CARMAX MINING CORP.

Notes to the Condensed Interim Financial Statements for the Three and Nine Months Ended July 31, 2017
(Unaudited) (Expressed in Canadian Dollars)

7. EXPLORATION AND EVALUATION ASSETS (Continued)

On July 17, 2017, the Supreme Court of British Columbia issued an oral judgment that the petitioner's challenge of the CGC's decision to reinstate Carmax's claim # 1034634 be dismissed. The court found no lack of procedural fairness, transparency or rigour in the decision of the CGC, as alleged by the petitioner's. As such, the judge saw no conflict between the CGC's interpretation of his authority under the Act and prior case law. Carmax's ownership of the mineral title to the Eaglehead project (see news releases dated July 18, 2017 and August 24, 2017) was confirmed on August 17, 2017 when the appeal period to the Supreme Court's decision expired.

8. DECOMMISSIONING PROVISION

The decommissioning provision for the Eaglehead exploration asset, 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 1.66% at July 31, 2017 (October 31, 2016 – 1.05%). The Company estimated the net present value of this provision as at July 31, 2017 to be \$36,100 (October 31, 2016 - \$36,031) based on a total undiscounted liability of \$36,500. This undiscounted liability was determined by using an adjusted risk free inflation rate of 0.90% as at July 31, 2017 (October 31, 2016 – 1.77%). These decommissioning costs are expected to be incurred in 2021.

	July 31, 2017	October 31, 2016
Balance, Beginning of Year	\$ 36,031	\$ 35,467
Accretion	69	564
Balance, End of Period	\$ 36,100	\$ 36,031

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, 2017, no shares were issued by the Company.

c) Warrants

A summary of changes in the share purchase warrants for the nine month period ended July 31, 2017 and the year ended October 31, 2016 is presented below:

CARMAX MINING CORP.

Notes to the Condensed Interim Financial Statements for the Three and Nine Months Ended July 31, 2017
(Unaudited) (Expressed in Canadian Dollars)

9. SHARE CAPITAL (Continued)

	Nine Months Ended July 31, 2017		Year Ended October 31, 2016	
	Number of Warrants Outstanding	Weighted Average Exercise Price	Number of Warrants Outstanding	Weighted Average Exercise Price
Balance, Beginning of Year	16,180,450	\$ 0.083	44,226,528	\$ 0.079
Expired	(16,180,450)	(0.083)	(28,046,078)	0.077
Balance, End of Period	-	\$ -	16,180,450	\$ 0.083

On May 1, 2017, 11,000,000 warrants with an exercise price of \$0.075 expired. Therefore, as at July 31, 2017, there were no share purchase warrants outstanding.

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.

A summary of changes in stock options for the nine month period ended July 31, 2017 and the year ended October 31, 2016 is presented below:

	Nine Months Ended July 31, 2017		Year Ended October 31, 2016	
	Number of Options Outstanding	Weighted Average Exercise Price	Number of Options Outstanding	Weighted Average Exercise Price
Balance, Beginning of Year:	4,700,000	\$ 0.06	5,250,000	\$ 0.07
Cancelled	-	-	(550,000)	(0.10)
Balance, End of Period	4,700,000	\$ 0.06	4,700,000	\$ 0.06

CARMAX MINING CORP.

Notes to the Condensed Interim Financial Statements for the Three and Nine Months Ended July 31, 2017
(Unaudited) (Expressed in Canadian Dollars)

10. SHARE BASED PAYMENTS (Continued)

As at July 31, 2017, options were outstanding for the purchase of common shares as follows:

Number of Options Outstanding	Option Exercise Price	Options Exercisable as of July 31, 2017	Option Expiry Date
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
4,700,000	\$ 0.06	4,700,000	

As at July 31, 2017, the weighted average remaining contractual life of the options was 2.19 years (October 31, 2016 – 3.37 years) and the weighted average exercise price was \$0.06 (October 31, 2016 - \$0.06).

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.

During the nine month period ended July 31, 2017, the Company did not issue any options to employees.

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, 2017, the Company did not issue any options to non-employees.

CARMAX MINING CORP.

Notes to the Condensed Interim Financial Statements for the Three and Nine Months Ended July 31, 2017
(Unaudited) (Expressed in Canadian Dollars)

11. RELATED PARTY TRANSACTIONS

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, 2017, included in accounts payable and accrued liabilities is \$Nil (October 31, 2016 – \$Nil) owing to companies controlled by directors, \$Nil (October 31, 2016 - \$Nil) owing to Companies controlled by officers for services rendered to the Company and \$73,719 (October 31, 2016 - \$72,108) owing to Copper Fox.

For the nine month period ended July 31, 2017, \$2,500 (July 31, 2016 - \$7,500) was paid in rent to a company controlled by an officer of Carmax. In addition, \$12,850 (October 31, 2016 - \$4,263) was capitalized towards the Eaglehead project for services rendered by companies controlled by a current director, a former director and Copper Fox. These amounts payable are non-interest bearing, unsecured and have no specific terms of repayment.

As at July 31, 2017 and October 31, 2016, coupled with the nine months ended July 31, 2017 and July 31, 2016, the Company incurred the following capitalizations and expenditures for key management personnel, both current and former, and the companies directly controlled by them.

	As At July 31, 2017	As At October 31, 2016
<i>Balance Sheet Items:</i>		
Exploration and evaluation assets	\$ 12,850	\$ 4,263
Total	\$ 12,850	\$ 4,263

	Nine Months Ended July 31, 2017	Nine Months Ended July 31, 2016
<i>Statement of Operations Items:</i>		
Consulting	\$ 103,500	\$ 79,620
Director fees	3,500	10,000
Rent	2,500	7,500
Total	\$ 109,500	\$ 97,120

Promissory Note

On October 28, 2015 Carmax entered into a promissory note loan (the "Loan") with Copper Fox, 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, 2018, at a rate of 1% per annum, compounded annually.

CARMAX MINING CORP.

Notes to the Condensed Interim Financial Statements for the Three and Nine Months Ended July 31, 2017
(Unaudited) (Expressed in Canadian Dollars)

11. RELATED PARTY TRANSACTIONS (Continued)

At any time during the term of the Loan, Copper Fox, at its sole discretion, can convert a portion or the entire loan outstanding, including unpaid interest, into free trading shares of Carmax at a price equal to the greater of \$0.05 or the trading price at the time of conversion, subject to the prior approval of the TSX:V.

For accounting purposes, the promissory note is considered a liability since the conversion feature is not "fixed for fixed" and is therefore considered an embedded derivative. However, the embedded derivative liability has no value as the conversion price is set at the market price on the date of the conversion. Therefore, the full value of the promissory note is classified as a liability.

As at July 31, 2017, Copper Fox had loaned Carmax a total of \$101,000 (October 31, 2016 - \$101,000) under this loan agreement.

Copper Fox Loan

On March 28, 2017, Copper Fox loaned Carmax \$25,000, separate from the above mentioned promissory loan agreement. This loan was for working capital purposes. As of July 31, 2017, no repayment date or interest rate owing for this loan has been determined.

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 its current approach is reasonable, given the constraints and relative size of the Company.

There were no changes in the Company's approach to capital management during the nine month period ended July 31, 2017. 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.

CARMAX MINING CORP.

Notes to the Condensed Interim Financial Statements for the Three and Nine Months Ended July 31, 2017
(Unaudited) (Expressed in Canadian Dollars)

13. FINANCIAL INSTRUMENTS AND RISKS MANAGEMENT DISCLOSURES

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

	Input Level	As At July 31, 2017		As At October 31, 2016	
		Carrying Amount	Estimated Fair value	Carrying Amount	Estimated Fair Value
<i>Financial Assets:</i>					
Cash	1	\$ 388	\$ 388	\$ 130,730	\$ 130,730
Investment	1	\$ -	\$ -	\$ 6,000	\$ 6,000
Total		\$ 388	\$ 388	\$ 130,730	\$ 130,730

	Input Level	As At July 31, 2017		As At October 31, 2016	
		Carrying Amount	Estimated Fair value	Carrying Amount	Estimated Fair Value
<i>Financial Liabilities:</i>					
A/P and acc. liabilities	1	\$ 190,577	\$ 190,577	\$ 142,700	\$ 142,700
Total		\$ 190,577	\$ 190,577	\$ 142,700	\$ 142,700

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.

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13. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT DISCLOSURES (Continued)

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.

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 balances and or through additional financings to ensure that there is sufficient capital in order to meet short term obligations. As at July 31, 2017, the Company has cash and investments aggregating \$388 (October 31, 2016 - \$130,730) and current financial liabilities of \$190,577 (October 31, 2016 - \$142,700) 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

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13. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT DISCLOSURES (Continued)

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, 2017, the Company held no financial assets or liabilities which were denominated in currencies other than the Canadian dollar.

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.

14. SUBSEQUENT EVENTS

- On August 23, 2017, Carmax announced that the petitioners did not challenge the July 17, 2017 Supreme Court of British Columbia's decision. The 30 day appeal period lapsed on August 16, 2017. As a result, Carmax's title to the Eaglehead mineral tenure claims (# 1024634) is no longer in dispute.
- On August 28, 2017, the non-brokered private placement closed with the sale of 8,500,000 units at a price of \$0.03 per unit. Each unit consisted of one common share of the Company and one transferable share purchase warrant with one full warrant entitling the holder to purchase one additional common share of the Company at a price of \$0.05 for a period of eighteen months following the date of closing.

With regards to the private placement, Carmax paid cash finder's fees of \$800, calculated at 8% of the amount placed by one finder, filing fees of \$1,275 and legal fees totalling \$13,059.

- On September 12, 2017, the Company announced that it will hold a special meeting of shareholders on November 14, 2017, authorizing Carmax's board of directors to consolidate the Company's issued and outstanding common shares at a ratio of one post-consolidation common share to be issued for every 2 pre-consolidated common shares previously held (the "**Consolidation**"). The Consolidation is subject to the receipt of all necessary regulatory approvals, including approval of the TSX Venture Exchange.

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As a result of the Consolidation, the Company's currently issued and outstanding 110,242,525 common shares will be reduced to 55,121,262 common shares after rounding adjustments. All fractional common shares resulting from the Consolidation will be rounded down to the nearest whole number of common shares. The Company's outstanding incentive stock options and warrants will be adjusted on the same basis (2:1) to reflect the Consolidation in accordance with their respective terms, with proportionate adjustments being made to exercise prices.

- On September 14, 2017, Carmax announced the successful completion of a communication agreement with the Tahltan Central Government pertaining to the Eaglehead copper project. In addition to facilitating continuing discussions and presentations, the agreement provides for, among other things, sponsorship and employment opportunities as well.