

# **SBD CAPITAL CORP.**

**CSE Form 2A**

**LISTING STATEMENT**

**Effective as of January 29, 2018**

FORM 2A

LISTING STATEMENT

SBD CAPITAL CORP.

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## **Cautionary Statement Regarding Forward-Looking Information**

This Listing Statement and the documents incorporated into this Listing Statement contain “forward-looking statements” and “forward-looking information” within the meaning of applicable securities laws (forward-looking information and forward-looking statements being collectively hereinafter referred to as “forward-looking statements”). Such forward-looking statements are based on expectations, estimates and projections as at the date of this Listing Statement or the dates of the documents incorporated herein, as applicable. Any statements that involve discussions with respect to predictions, expectations, beliefs, plans, projections, objectives, assumptions or future events or performance (often but not always using phrases such as “expects” or “does not expect”, “is expected”, “anticipates” or “does not anticipate”, “plans”, “budget”, “scheduled”, “forecasts”, “estimates”, “believes” or “intends”, or variations of such words and phrases, or stating that certain actions, events or results “may” or “could”, “would”, “should”, “might” or “will” be taken, occur or be achieved) are not statements of historical fact and may be forward-looking statements and are intended to identify forward-looking statements. These forward-looking statements include, but are not limited to, statements and information concerning: the intentions, plans and future actions of the Issuer; statements relating to the business and future activities of the Issuer after the date of this Listing Statement; market position, ability to compete and future financial or operating performance of the Issuer after the date of this Listing Statement; statements based on the audited and unaudited financial statements of Secret Barrel and the Issuer included as Schedules to this Listing Statement; anticipated developments in operations; the results of development of products and the timing thereof; the timing and amount of estimated capital expenditure in respect of the business of the Issuer; operating expenditures; success of marketing activities; estimated budgets; currency fluctuations; requirements for additional capital; government regulation; limitations on insurance coverage; the timing and possible outcome of litigation in future periods; the timing and possible outcome of regulatory and permitting matters; goals; strategies; future growth; planned business activities and planned future acquisitions; the adequacy of financial resources; and other events or conditions that may occur in the future.

Forward-looking statements are based on the beliefs of the Issuer’s management, as well as on assumptions, which such management believes to be reasonable based on information currently available at the time such statements were made. However, by their nature, forward-looking statements are based on assumptions and involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Forward-looking statements are subject to a variety of risks, uncertainties and other factors which could cause actual events or results to differ from those expressed or implied by the forward-looking statements, including, without limitation those risks outlined in Sections 6 and 17 of this Listing Statement.

The list of risk factors set out in this Listing Statement is not exhaustive of the factors that may affect any forward-looking statements of the Issuer. Forward-looking statements are statements about the future and are inherently uncertain. Actual results could differ materially from those projected in the forward-looking statements as a result of the matters set out or incorporated by reference in this Listing Statement generally and certain economic and business factors, some of which may be beyond the control of the Issuer. In addition, events in the world economy and global financial and credit markets could result in high market and commodity volatility and a contraction in debt and equity markets, which could have a particularly significant, detrimental and unpredictable effect on forward-looking statements. The Issuer does not intend, and does not assume any obligation, to update any forward-looking statements, other than as required by applicable law. For all of these reasons, the Issuer’s securityholders should not place undue reliance on forward-looking statements.

## 1.2 Glossary of Terms

“**ABCA**” means the *Business Corporations Act* (Alberta);

“**August Debt Settlement**” means the issuance by the Issuer effective August 16, 2017 of an aggregate of 6,150,000 Units in the capital of the Issuer to settle an aggregate of \$123,000 of indebtedness;

“**Board**” means the board of directors of the Issuer.

“**CSE**” means the Canadian Securities Exchange;

“**Closing Date**” means the closing date of the Transaction;

“**Issuer**” means SBD Capital Corp., a corporation incorporated under the laws of the Province of Ontario;

“**June Debt Settlement**” means the issuance by the Issuer effective June 26, 2017 of an aggregate of 400,000 common shares in the capital of the Issuer to settle an aggregate of \$8,000 of indebtedness;

“**Listing Statement**” means this listing statement of the Issuer including the schedules attached hereto;

“**MD&A**” means Management’s Discussion and Analysis;

“**NI 52-110**” means Canadian Securities Administrators’ National Instrument 52-110 – *Audit Committees*;

“**Offering**” means the non-brokered private placement completed by the Issuer on August 16, 2017, issuing an aggregate of: (i) 150,000 common shares at a price of \$0.02 per common share for gross proceeds of \$3,000; and (ii) 13,850,000 Units at a price of \$0.02 per Unit for gross proceeds of \$277,000. Each Unit was comprised of one common share in the capital of the Issuer and one Warrant;

“**Option**” means an option held by the Issuer exercisable at any time prior to February 18, 2019 to elect to transfer the Purchased Shares back to the Vendor in accordance with the terms of the Share Purchase Agreement;

“**Payment Shares**” means the 2,000,000 common shares in the capital of the Issuer, issued to the Vendor as consideration for the Purchased Shares, in connection with the Transaction;

“**Purchased Shares**” means the 800 Class A shares, being all of the issued and outstanding shares of Secret Barrel;

“**Secret Barrel**” means Secret Barrel Distillery Corporation, a corporation incorporated under the laws of the Province of Alberta;

“**Share Purchase Agreement**” means the share purchase agreement dated July 25, 2017 between the Issuer, the Vendor, Secret Barrel and the escrow agent providing for the acquisition of the Purchased Shares;

**“Transaction”** means the acquisition by the Issuer of all of the issued and outstanding shares of Secret Barrel from the Vendor pursuant to the Share Purchase Agreement effective August 18, 2017;

**“Unit”** means a unit of securities of the Issuer issued pursuant to the Offering, each such unit of securities comprised of one common share in the capital of the Issuer and one Warrant;

**“Vendor”** means John Adam MacDonald; and

**“Warrant”** means a common share purchase warrant issued pursuant to the Offering, each such warrant entitling the holder thereof to purchase one common share of the Issuer at a price of \$0.10 per common share until August 16, 2020.

## **2. Corporate Structure**

### **2.1 Corporate Name and Office**

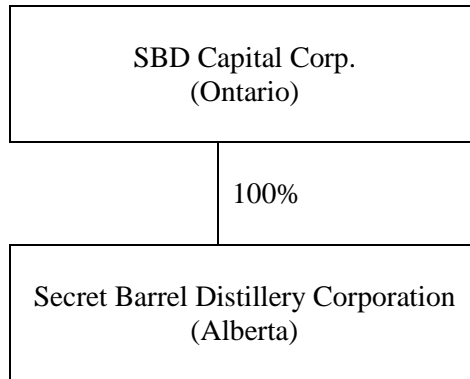
SBD Capital Corp. (the **“Issuer”**) has its registered and head office located at Suite 520, 65 Queen Street West, Toronto, Ontario, M5H 2M5.

### **2.2 Jurisdiction of Incorporation**

The Issuer was incorporated as “Nolan Lake Explorations Inc.” on May 11, 1979 under the laws of the Province of Ontario. The Issuer filed articles of amendment effective July 4, 1983, increasing its authorized capital and changing its name to “Canolan Resources Ltd.”. The Issuer filed articles of amendment effective October 1, 1984, cancelling the unissued preference shares, removing the maximum number of or maximum consideration for common shares, removing the special provisions and providing for the classes of shares authorized to be issued. The Issuer filed articles of amendment effective October 29, 1985, consolidating its shares on a 5 for 1 basis and changing its name to “Nucanolan Resources Ltd.”. On September 24, 2003, the Issuer filed articles of amendment to change its name to “Westchester Resources Inc.”. On February 15, 2007, the Issuer filed articles of amendment to change its name to “WSR Gold Inc.”. On December 18, 2008, the Issuer filed articles of amendment to change its name to “White Pine Resources Inc.”. The Issuer filed articles of amendment effective January 25, 2017, consolidating its shares on a 50 for 1 basis. Effective September 26, 2017, the Issuer filed articles of amendment to change its name from “White Pine Resources Inc.” to “SBD Capital Corp.” following receipt of shareholder approval thereof at the annual and special meeting of shareholders of the Issuer held on September 15, 2017.

### **2.3 Intercorporate Relationships**

Set out below is the corporate structure of the Issuer and its material subsidiaries, including the corporate jurisdiction and the percentage of shares of the subsidiary owned, controlled or directed by its parent.



## 2.4 Fundamental Change

Pursuant to a share purchase agreement (the “**Share Purchase Agreement**”) dated July 25, 2017, between the Issuer, John Adam MacDonald (the “**Vendor**”) and Secret Barrel Distillery Corporation (“**Secret Barrel**”), the Issuer acquired all of the issued and outstanding shares of Secret Barrel (the “**Transaction**”). Secret Barrel is now a wholly-owned operating subsidiary of the Issuer and the Issuer’s business is the business of Secret Barrel. See Section 3.2 – Significant Acquisitions and Dispositions for a description of the Transaction.

## 2.5 Non-Corporate Issuers and Issuers Incorporated Outside of Canada

The Issuer is neither a non-corporate issuer nor an issuer incorporated outside of Canada.

## 3. General Development of the Business

### 3.1 General Development of the Issuer

#### (a) Executive Summary of the Issuer

From incorporation in May 1979 to July 2004 the Issuer, under the names “Nolan Lake Explorations Inc.,” “Canolan Resources Ltd.,” “Nucanolan Resources Ltd.” and “Westchester Resources Inc.” was a mineral exploration company, primarily focused on the acquisition, exploration and development of mineral deposits in Canada. In July 2004, the Issuer, under the name Westchester Resources Inc. (“**Westchester**”) completed a change of business from mineral exploration to the oil and gas sector pursuant to a joint venture with Aspen Endeavor Resources Inc. (“**Aspen**”) to pursue oil and gas opportunities in Canada. In February 2007, Westchester sold 100% of its 50% interest in the properties that are subject to the joint venture between Aspen and Westchester, including all leases held by the joint venture, all assets owned by the joint venture, and all other interests held by Westchester in the joint venture. Following the change of business in February 2007, Westchester changed its name to WSR Gold Inc. to better reflect the activities of the company, whose main focus was mineral exploration and development. On December 18, 2008, the Issuer filed articles of amendment to change its name to “White Pine Resources Inc.”. On January 25, 2017, the Issuer filed articles of amendment consolidating its shares on a 50 for 1 basis. The Issuer filed articles of amendment effective September 26, 2017 to change its name from “White Pine Resources Inc.” to “SBD Capital Corp.”.

Following the Transaction, the Issuer's business is the business of Secret Barrel, its wholly-owned operating subsidiary, following the purchase by the Issuer of all of the shares of Secret Barrel pursuant to the Share Purchase Agreement between the Issuer, Secret Barrel, the Vendor and Irwin Lowy LLP, as escrow agent (see also 3.1(b) – *Three Year History of the Business*).

With its headquarters in Calgary, Alberta, Secret Barrel produces, markets and distributes premium high-quality craft rum in Alberta, Canada. Founded in 2015, Secret Barrel is the first small batch rum distillery in Alberta, and stands out as a pioneer in its market.

The rum originates from Guyana, and the predominant component is the Guyana light rum. The Issuer imports the rum from the Demerera Distillery in Guyana to High River, Alberta for blending, bottling and distribution. The Issuer is committed to working directly with farmers and distilleries in South America to ensure the highest quality of rum.

The Issuer is building its brand by offering a premium spirit and showcasing it through unique events and collaborations. As of the date hereof, Secret Barrel is available in 55 liquor stores and 20 bars and restaurants primarily in Calgary, Alberta. In its first year, Secret Barrel has quickly grown into a recognizable name in the Calgary spirits industry. The Issuer maintains a website with a steady flow of traffic, a social media page with a growing following, and has regular referral sources (and a growing network of referrals) to different liquor stores, bars and restaurants and companies to collaborate with in the industry.

Currently, there is a significant market opportunity in Canada, given general industry conditions, to build a craft rum company and align the business strategy similar to the craft brewery movement. To grow the product line beyond a white rum, the Issuer has a tentative agreement in place with Banks DIH Ltd., the parent company of the well known XM Rum distillery in Guyana. Management of the Issuer is working toward finalizing a deal with Banks DIH Ltd. that would permit the use of XM Rum feedstock for the Issuer's amber rums. The Issuer is committed to working with this distillery in Guyana to expand its product line from a white rum to a spiced, amber rum and ultra-premium, as well as to establish a foundation that would focus on donating the Issuer's profits back to the Guyana community.

*(b) Three Year History of the Business*

On May 21, 2015, Secret Barrel was incorporated under the *Business Corporations Act* (Alberta) (“**ABCA**”) as “Pier 21 Distillery Corporation”, and on January 23, 2017, Secret Barrel filed articles of amendment to change its name to “Secret Barrel Distillery Corporation”.

On June 26, 2017, the Issuer issued an aggregate of 400,000 common shares in connection with a debt settlement of \$8,000 of outstanding indebtedness owed by the Issuer at a price of \$0.02 per common share (the “**June Debt Settlement**”).

On July 25, 2017, the Issuer entered into the Share Purchase Agreement with the Vendor, Secret Barrel and Irwin Lowy LLP, as escrow agent, providing for the sale by the Vendor to the Issuer of all of the issued and outstanding shares of Secret Barrel.

On August 16, 2017, the Issuer completed a private placement financing consisting of 150,000 common shares (“**Common Shares**”) at a price of \$0.02 per Common Share for gross proceeds of

\$3,000 and 13,850,000 units (“**Units**”) at a price of \$0.02 per Unit for aggregate gross proceeds of \$277,000 (the “**Offering**”). Each Unit was comprised of one Common Share of the Issuer and one Common Share purchase warrant (“**Warrant**”). Each Warrant entitles the holder thereof to purchase one Common Share for a period of three (3) years from the closing of the Offering at a price of \$0.10 per Common Share. No commissions were paid in connection with the Offering.

On August 16, 2017, the Issuer settled an aggregate of \$123,000 of indebtedness through the issuance of an aggregate of 6,150,000 Units of the Issuer (the “**August Debt Settlement**”). Each Unit was comprised of one Common Share of the Issuer and one Warrant. Each Warrant entitles the holder thereof to purchase one Common Share for a period of three (3) years from the closing of the Debt Settlement at a price of \$0.10 per Common Share.

Effective on September 26, 2017, the Issuer changed its name from “White Pine Resources Inc.” to “SBD Capital Corp.”, following receipt of shareholder approval thereof at the annual and special meeting of shareholders of the Issuer held on September 15, 2017.

### **3.2 Significant Acquisitions and Disposition**

#### *The Transaction*

Pursuant to the terms of the Share Purchase Agreement dated July 25, 2017, between the Issuer, the Vendor and Secret Barrel, the Vendor agreed to sell to the Issuer and the Issuer agreed to purchase all of the issued and outstanding shares, being 800 Class A shares (the “**Purchased Shares**”).

As consideration for the Purchased Shares, the Issuer issued 2,000,000 common shares (the “**Payment Shares**”) to the Vendor placed in escrow with the escrow agent, and advanced \$175,000 to Secret Barrel to be used for working capital, pursuant to the terms of the Share Purchase Agreement. In addition, upon written notice to the Vendor, the Issuer has the option (“**Option**”), exercisable at any time prior to February 18, 2019, to elect to transfer the Purchased Shares back to the Vendor and, if such Option is so exercised by the Issuer, the escrow agent shall release the Payment Shares to the Issuer to be returned to treasury for cancellation, and all aggregate costs associated with the exercise of the Option and the transfer of the Purchased Shares back to the Vendor, including, without limitation, legal fees, accounting fees, filing fees, and costs incurred obtaining any necessary corporate or regulatory approvals, will be paid by Secret Barrel, in accordance with the terms of the Share Purchase Agreement.

### **3.3 Trends, Commitments, Events or Uncertainties**

Prior to the Transaction, the Issuer’s main focus had been on the acquisition, exploration and development of mineral deposits in Canada. Since signing the Share Purchase Agreement to acquire Secret Barrel, the Issuer has focused on developing the business of Secret Barrel as it applies to the production, marketing and distribution of premium high-quality craft rum in Alberta, Canada. The Issuer’s rum production and distribution business will be subject to a number of factors including applicable laws and regulations, political conditions, currency fluctuations, the hiring of qualified people and obtaining necessary services in jurisdictions where the Issuer operates. The current trends relating to these factors could change at any time and negatively affect the Issuer’s operations and business.

See Section 17 - “Risk Factors” for risk factors affecting the Issuer.



## 4 Narrative Description of the Business

### 4.1 Description of the Business

The Issuer is a craft rum producer and distributor in Alberta, Canada. It imports rum from Guyana to Alberta for blending, bottling and distribution. The Issuer started producing a white rum and has plans to produce four more different spirits in the next twelve months.

The craft spirits industry is growing rapidly in North America. There are an estimated 769 craft distilleries in the United States and 100 in Canada, however, many of these produce vodka, gin and whiskey, because rum is a sugarcane based product that is harder to source to Canada.

The Issuer plans to source the sugarcane directly from Guyana and sell the product in all provinces throughout Canada. The distillery is located in a small city where the sugarcane is personally transported by small truck. The sugarcane is organic, and locally sourced and handcrafted to an ultra-premium spirit.

The Issuer is permitted to distribute to bars, restaurants and licensed liquor stores in Alberta, and is currently working on approvals from each provincial crown corporation, which retails and distributes alcoholic beverages throughout their respective provinces, to distribute Secret Barrel spirits. to distribute the product across the country.

#### (a) Business Objectives

The primary business objective of the Issuer is to grow the product line, expand into new geographies and optimize its existing Alberta market.

The Issuer expects to accomplish the following objectives over the next twelve months:

	Objective <sup>(1)</sup>	Time Frame <sup>(1)</sup>
1.	Grow the existing product line	Winter 2017
2.	Expansion into new geographical locations within Canada	Summer 2018
3.	Optimize and grow existing Alberta market	Winter 2017

Note:

(1) See "Cautionary Note Regarding Forward-Looking Information"

To grow the existing product line, the Issuer is exploring opportunities in the Caribbean and South America to partner with an established distillery to expand the rum product line to a spiced amber and black rum. The Issuer is looking for a distillery with a steady and reliable supply of quality rum. The significant milestones for this to occur are to establish a relationship with a distillery, finalize a contract and begin production. The Issuer would need to source the inputs (bottle, cork, label and box) to the distillery in Guyana and then fill the bottles with the existing rum. Management of the Issuer is in initial discussions with a distillery in Guyana and these milestones are expected to be completed by Winter 2017. The capital requirements to produce four new products, design the bottles and ship the rum to Canada is \$114,430 as outlined below.

**Secret Barrel Product Line Expansion**

	<b>Total</b>
Rum Input Costs	45,430
Rum Liquid Costs	44,000
Graphic Design Costs	<u>25,000</u>
Total	<u><u>114,430</u></u>

The second business objective is to expand into new geographies. Between October 2017 and October 2018, the Issuer plans to expand into five different provinces. This objective would allow the Issuer to be represented in the most populated cities in Canada. The significant milestones and capital required to accomplish this goal are outlined herein.

The third major business objective in the next twelve months is to optimize and grow the Issuer's existing market in Alberta by partnering with Untapped Craft Imports ('**Untapped**'), a liquor import and distribution agency in Alberta. Untapped will be responsible for maintaining and establishing new relationships in the Alberta market with a main focus on liquor store sales. Untapped has a team of two sales representatives in Alberta who are mainly focused on sales in Edmonton and Calgary. Edmonton is a new market for the Issuer and partnering with Untapped would help grow that market. The Issuer has signed a contract to hire Untapped, pursuant to which Untapped would receive a 10% commission fee on all future sales.

In addition, the Issuer also plans to hire a part-time sales representative to focus on the restaurant and bar sales in Calgary. The individual will have prior connections and experience working in the industry, and be responsible for maintaining relationships in the bar industry and growing the brand across Calgary. The individual will be expected to work 6 hours per week at \$25 per hour, and after two months, the contract would be reassessed depending on the individual's performance. The addition of the new sales representative to focus on sales would allow the Issuer to have a short term commitment without being locked into a long-term obligation. It is anticipated that this milestone will be completed by mid October 2017.

See "*Cautionary Note Regarding Forward-Looking Information*".

**(b) Milestones**

To achieve the business objectives set out in subsection 4.1(a) above, the following milestones must be successful:

<b>Milestone</b>	<b>Target Date</b>
<b>Complete expansion of rum product line:</b> The Issuer is currently exploring opportunities in the Caribbean and South America to partner with an established distillery to expand the rum product line to a spiced amber and black rum.	Winter 2018
<b>Complete expansion into new provinces:</b> The Issuer is in the planning stages to expand into five different provinces over the next twelve months.	Fall 2018
<b>Partnership with Untapped Craft Imports:</b> The Issuer has signed a contract to hire Untapped Craft Imports, pursuant to which Untapped will be responsible for maintaining and establishing new relationships in the Alberta market with a main focus on liquor store sales.	Fall 2017

<b>Hire part-time sale representative:</b> The Issuer is currently reviewing applications to fill the newly created part-time sale representative position and expects to commence interviews in the next twelve months.	Fall 2017
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(c) **Funds Available**

As at September 30, 2017, the funds available to the Issuer are as follows:

Sources	Funds Available
Cash	\$154,477
GST / HST Receivable	\$33,093
<b>Total Funds Available</b>	<b>\$187,570</b>

(d) **Use of Funds**

The use of the funds available to the Issuer is consistent with the Issuer's stated business objectives for the upcoming twelve month period (see "*Business Objectives*" above), and the total funds available of \$322,539, as calculated above, will be allocated as follows during the coming twelve-month period (see "*Cautionary Statement Regarding Forward-Looking Information*"):

Expenditure	Funds Required
Rum Input Costs (Bottle, Label, Cork)	45,430
Rum Liquid Costs	44,000
Graphic Design Costs (Label, Website)	25,000
Salary Costs	20,000
Marketing	20,000
Working Capital	173,109
<b>Total Expenditures</b>	<b>\$322,539</b>

Notes:

- (1) See subsection 4.1(a) – *Business Objectives*.

While the Issuer intends to spend the funds available to it as stated herein, there may be circumstances where, for sound business reasons, a reallocation of funds may be necessary.

(e) **Principal Products**

The Issuer's principal product is the rum that originates from Guyana. The predominant component is the Guyana light rum that is imported from the Demerera Distillery in Guyana to Alberta, Canada for blending, bottling and distribution. The Issuer is committed to working directly with farmers and distilleries in South America to ensure the highest quality of rum. Secret Barrel produces, markets and distributes premium high-quality craft rum. Secret Barrel started with a white rum and is planning to produce four more different spirits in the next twelve months. Secret Barrel plans to source the sugarcane directly from Guyana and sell the product in all provinces in Canada. The distillery is in a small city where the sugarcane is personally transported by small truck, its organic and locally sourced and handcrafted to an ultra-premium spirit.

(f) **Production and Sales**

The rum originates from Guyana and Trinidad and Tobago. The predominant component is the Guyana light rum. The Issuer imports rum from Guyana and Trinidad and Tobago to High River, Alberta for blending, bottling and distribution. After being barrel aged for one year in Guyana, the rum is imported to Alberta at 89% alcohol percentage.

The Issuer has contracted the distilling facilities from Highwood Distillery (“**Highwood Distillery**”), an established distillery in Alberta, to blend the white rum to 40% alcohol percentage, pursuant to which Highwood Distillery receives \$3.69 per bottle, which includes the liquid, labour and storage of Secret Barrel white rum. As part of the contract, Highwood Distillery also receives a \$10,000 management fee (“**Management Retainer Fee**”) for the initial set up and consulting service, with such Management Retainer Fee being credited \$1 for every 6 bottles produced in the future. The first batch of rum produced 1,079 cases, and as of the date of this Listing Statement, there is \$8,921 remaining on the Management Retainer Fee.

After the blending process, the spirit is bottled and labeled at the Highwood Distillery facility and then stored in the barrel room before selling the product. The inputs (bottle, cork, label and box) are independently purchased by the Issuer and shipped to Highwood Distillery to be assembled.

To distribute the spirit, the Issuer sends the rum to Connect Logistics, a distribution warehouse in St. Albert, Alberta, that has the capability to ship alcoholic beverages to any licensed liquor premise in Alberta. The Issuer ships one pallet (80 cases) at a time and pays storage and assembly fees while the product sits in the Connect Logistics warehouse before delivery.

Licensed liquor buyers can place their orders with Connect Logistics and have Secret Barrel rum delivered to their establishment on the scheduled delivery date.

The payment process is set up through the Alberta Gaming and Liquor Commission (“**AGLC**”). The supplier establishes the pricing, and included in the final price, is four provincially required markups (including the AGLC markup, Federal excise duty, deposits and recycling fees), totalling \$14.10. The Issuer receives payment (net of markup costs) from the AGLC, through direct deposit, every Friday morning for the total amount of cases sold in the preceding week. Each week is categorized from Monday to Friday, being the shipment days that Connect Logistics operates in Alberta.

The entire process requires minimal involvement for the Issuer, which allows the team to focus on brand awareness, marketing and sales. In addition, the automated supply chain system allows for low salaries and facility upkeep costs to the company.

Coffee shops have been very successful in promoting their coffee beans from different regions and explaining how the different region affects the taste and aroma. They have also focused on farmers and how working together to bring the best growing and cultivating techniques have really helped the flavour profile and ability to tell their company story. If Secret Barrel can positively use similar stories with sugarcane and its farmers, and it will help create a personal connection to Secret Barrel Rum and the story behind each cocktail or bottle purchased.

The sales focus will be on the liquor stores, bars and restaurants as these are the licensed establishments that can sell alcohol. The difficulty is that Secret Barrel management is not directly selling the product to the end consumer. For example, the liquor store staff will sell to the consumer (unless you are performing an in-store tasting) and the bartender or server will sell the product to the patron (unless you are in the bar or have an event that day/night). There is a disconnect by being the middleman and the marketing strategy will help manage this disconnect by creating brand awareness and educating the individuals directly selling Secret Barrel.

These are the two revenue streams that will drive case sales: liquor stores and restaurant / bar sales.

To drive successful liquor store sales will involve creating a relationship with the liquor store staff and management. Creating a personal connection will allow the staff to speak knowledgeably about the product to the customer. Another important objective will be to do in-store tastings, although expensive, it will help create brand awareness in the beginning.

One of the most important objectives will be to create brand awareness that will translate to people going into the liquor stores and buying the product because of a past encounter with the Issuer. These will come from the following five key strategic marketing objectives.

### *Marketing Objectives*

Secret Barrel Rum Society – Secret Barrel is committed to promoting rum and the sugarcane farmers that we work with in the Caribbean and South America. These are two drastically different rum producing regions and rum is a spirit that unique in history and origin. The vodka and gin markets are getting great exposure because the inputs are readily available and are tangible because they are produced in Canada. There is more education and exposure needed in the rum market and this is what the Secret Barrel Rum Society will aim to be. We will host events every two months at different establishments (not necessarily bars or restaurants) to educate consumers about the rum producing process, different sugarcane farming techniques, introduction of different Secret Barrel rums, invite educated guest speakers and bartenders and overall exposure to the rum industry and Secret Barrel. This will be hosted for a group of likeminded individuals and be an event that will bring together tradition and an appreciation for things well done.

Secret Barrel Cocktail Competition – It will be extremely important to have the bartenders engaged and excited about Secret Barrel Rum. It is difficult that, as a supplier, you are rarely selling directly to the consumer. Secret Barrel will host a series of cocktail competitions that will happen around the city as a bracket competition format. This will bring engagement from bartenders across the city to compete in a cocktail competition and allow them to promote the product at their own establishment after the completion is finished.

Secret Barrel Pop Up Bar Services – The cocktail scene is growing tremendously. There are many cocktail bars that are establishing themselves as a great place to visit and experience. On the other hand, there are many establishments that are not suited or care to be a full time cocktail bar. Secret Barrel will provide cocktail event popup services in uncommon areas. These temporary cocktail bar ‘pop up’s’ will provide bars, restaurants, event spaces and other regulated liquor establishments to host cocktail parties in their own locations. Secret Barrel will bring a bar, bartenders and a specific cocktail menu that is suited for the party.

Secret Barrel End of Summer Tiki Tour – The Tiki culture is coming back and it is a fun and energetic atmosphere. Secret Barrel has had success hosting multiple Tiki parties across the city of Calgary. These parties are catered around a Tiki theme and feature drink specials, Caribbean music, appropriate dress attire and themed decorations. The events are unique and provide another way for people to be excited about Secret Barrel Rum.

Sugarcane Farmer Series – As described above, it will be important to shine a spotlight on the sugarcane farmers and regions responsible for growing and harvesting sugarcane. The Issuer will create stories, videos and pictures that highlight individuals and farmers to showcase their personal stories to Canada through social media.

### *Sales and Community Team*

The sales and community team is an integral piece of growing the Issuer into a successful spirits brand. This team will be more than just focused on sales. They will be trained and developed to promote the culture and community in the cities that Secret Barrel Rum has a market presence. Promoting and building community is an important part of building our brand. Successful businesses surround themselves with good people. The team will be focused on growing and promoting the Issuer in the community through events, volunteering and relationship building.

In June 2017, the Issuer partnered with Untapped Craft Imports (“**Untapped**”) a liquor agency, to assist in increasing sales. Untapped has two sales representatives in Alberta, one in Edmonton and one in Calgary. These representatives are focused on liquor store sales and establishing and maintaining relationships with the managers and employees at these stores. Untapped also has a sales presence in British Columbia and Saskatchewan which make for an easy transition into these markets. Untapped has five employees who are responsible for different regions in British Columbia and one sales representative in Saskatchewan. Secret Barrel is anticipating growing into these markets in July 2017 as Sobey’s liquor store as already placed an order in both provinces.

In July 2017, Secret Barrel hired a part time marketing coordinator. This individual is responsible for managing the social media pages (Facebook, Instagram and Twitter), organizing photoshoots and preparing marketing material for distribution in liquor stores, bars and restaurants. The marketing coordinator is also responsible for working with the brand ambassador and planning events. This individual received a monthly wage of \$500 in July and August and the salary was increased to \$1,000 in September in anticipation of expanding into different markets.

In December 2017, the Issuer hired a brand ambassador in Calgary to be the main point of contact in bars and restaurants. This individual is focused on building and establishing relationships with bartenders and bar managers. Once the Issuer has grown relationships with bartenders across Calgary it will help the bartenders represent and sell the brand in their own bar, have an appreciation for the product and help promote the rum in cocktails and signature drinks. Once Untapped helps establish a larger presence in Edmonton, Secret Barrel management will reassess its hiring plans and may hire another Brand Ambassador in the Edmonton area.

As Secret Barrel expands into different provinces brand ambassadors will be hired to represent the Issuer in their respective cities on a as needed basis.

### **(g) Competition Conditions**

The Canadian spirits market has become increasingly competitive. While hard liquor remains a popular alcoholic beverage, the demand for domestically produced spirits is increasingly vulnerable to the effects of globalization. Imports represent a significant portion of consumers’ demand for distilled spirits, but steady demand for craft and locally produced spirits is increasing.

While there are many competitors in the spirits industry, there are few companies that promote a premium rum made in Canada. To the Issuer’s knowledge, there are currently ten micro-distilleries in Alberta who are all distilling and selling vodka and gin.

The Issuer is aware of two micro-distilleries that are producing rum in Canada. These distilleries are out of province and one of them only sells their rum in Alberta

One of the most recent trends in the distillery industry is that large distilleries now prefer to create their own micro-distillery brand within their current operation. This allows them to boost sales and take their business closer and become more integrated in their target communities.

The larger distilleries have the capital backing and ability to experiment with different flavours and blending techniques to stay ahead of the market trends. More recently, craft spirits have become increasingly popular among the younger generation. This is a major reason why many distilleries have each launched their own innovative twists on their classic brands. For example, Jack Daniels launched “Old No 7” and has now launched an alcoholic cider and whiskey coffee.

**(h) Intellectual Property**

Not applicable.

**4.2 Companies with Asset Backed Securities Outstanding**

Not applicable.

**4.3 Mineral Projects**

Not applicable.

**4.4 Issuers with Oil and Gas Operations**

Not applicable.

**5. Selected Consolidated Financial Information**

**5.1 Annual Information**

The following table summarizes financial information of the Issuer for the last two completed financial years ended March 31, 2016 and March 31, 2017 and for the subsequent six-month period ended September 30, 2017. This summary financial information should only be read in conjunction with the Issuer’s financial statements and the notes thereto. See “*Financial Statements*” in section 25.1 hereof.

	Six Month Period Ended September 30, 2017	Year Ended March 31, 2017	Year Ended March 31, 2016
Total revenues	18,506	Nil	Nil
Income or Loss before Discontinued Operations & Extraordinary Items	(\$115,879)	(\$207,095)	(\$44,854)
Net Income (Loss) in total	(\$115,880)	(\$207,095)	(\$44,854)
Basic and Diluted Loss per Share	(\$0.02)	(\$0.31)	(\$0.07)
Total Assets	\$259,309	\$29,599	\$16,940
Total Liabilities	\$107,860	\$227,749	\$9,895
Cash dividends declared per share	Nil	Nil	Nil

## 5.2 Quarterly Information

The following tables summarize the financial results for each of the Issuer's eight most recently completed quarters. This financial data has been prepared in accordance with IFRS and all figures are stated in Canadian dollars.

	Q2 September 30, 2017	Q1 June 30, 2017	Q4 March 31, 2017	Q3 December 31, 2016
<b>Financial results:</b>				
Net (loss) profit for the period	(\$79,987)	(\$35,893)	(\$45,174)	(\$15,888)
Basic and diluted loss per share	\$0.01	\$0.05	\$0.07	\$0.2
<b>Balance sheet data:</b>				
Cash	\$154,477	\$4,323	\$9,841	\$8,121
Total assets	\$259,309	\$58,151	\$29,599	\$26,537
Shareholders' Equity (deficit)	\$151,449	(\$225,343)	(\$198,150)	(\$154,876)

	Q2 September 30, 2016	Q1 June 30, 2016	Q4 March 31, 2016	Q3 December 31, 2015
<b>Financial results:</b>				
Net (loss) profit for the period	(\$69,312)	(\$76,721)	(\$4,972)	(\$5,962)
Basic and diluted loss per share	\$0.10	\$0.11	\$0.01	\$0.01
<b>Balance sheet data:</b>				
Cash	\$5,370	\$8,192	\$12,924	\$5,444
Total assets	\$11,422	\$13,347	\$16,940	\$35,396
Shareholders' Equity (deficit)	(\$138,988)	(\$69,676)	(\$7,045)	(\$12,017)

## 5.3 Dividends

No dividends on the Common Shares have been paid to date. The Issuer anticipates that for the foreseeable future it will retain future earnings and other cash resources for the operation and development of its business. Payment of any future dividends will be at the discretion of the board of directors of the Issuer (the "Board") after taking into account many factors, including the Issuer's operating results, financial condition, and current and anticipated cash needs.

## 5.4 Foreign GAAP

The Issuer does not present its consolidated financial information on the basis of foreign GAAP.

## 6. Management's Discussion and Analysis for the Year Ended March 31, 2017

### Management's Responsibility

The Issuer's Management's Discussion and Analysis ("MD&A") for its fiscal year ended March 31, 2017 is attached as Schedule B hereto, and for its six-month period ended September 30, 2017 is attached as Schedule D hereto, and each form an integral part of this Listing Statement, and should be read in conjunction with the Issuer's financial statements and the notes thereto for the corresponding time periods.



## 7. Market for Securities

The Common Shares of the Issuer are not currently listed on any stock exchange or recognized market place. The Issuer's Common Shares have been conditionally accepted for trading on the Canadian Securities Exchange (the "Exchange") under the trading symbol "SBD".

## 8. Consolidated Capitalization

8.1 The following table summarizes the Issuer's consolidated capitalization as at the dates indicated:

Authorized Capital	Outstanding as at the Date Hereof (unaudited)	Outstanding as at September 30, 2017 (unaudited)	Outstanding as at March 31, 2017 (audited)
Common Shares	23,228,971	23,228,971	678,971
Warrants <sup>(1)</sup>	20,000,000	Nil	Nil

Notes:

- (1) Each such warrant entitles the holder to acquire one common share of the Issuer at a price of \$1.00 per common share until August 16, 2020.

## 9. Options to Purchase Securities

The Issuer currently has no stock options outstanding.

The Issuer has adopted a Stock Option Plan whereby a maximum of 10% of the issued and outstanding Common Shares, from time to time, may be reserved for issuance pursuant to the exercise of options.

Options may be granted under the Stock Option Plan only to (i) employees, officers, directors or consultants of the Issuer; (ii) employees, officers, directors or consultants of a related entity of the Issuer; or (iii) a permitted assign of any of the foregoing of the Issuer and its subsidiaries and other designated persons as designated from time to time by the Board.

Any Common Shares subject to an option which, for any reason, is cancelled or terminated prior to exercise will be available for a subsequent grant under the Stock Option Plan. The option price of any Common Shares cannot be less than the market price of the Common Shares. Options granted under the Stock Option Plan may be exercised during a period not exceeding five years, subject to earlier termination upon the termination of the optionee's employment, upon the optionee ceasing to be an employee, officer, director or consultant of the Issuer or any of its subsidiaries or ceasing to have a designated relationship with the Issuer, as applicable, or upon the optionee retiring, becoming permanently disabled or dying.

The options are non-assignable and non-transferable. The Stock Option Plan contains provisions for adjustment in the number of Common Shares issuable thereunder in the event of a subdivision, consolidation, reclassification or change of the Common Shares, a merger or other relevant changes in the Issuer's capitalization.

Subject to shareholder approval in certain circumstances, the Board may from time to time amend or revise the terms of the Stock Option Plan or may terminate the Stock Option Plan at any time. The Stock Option Plan does not contain any provision for financial assistance by the Issuer in respect of options granted under the Stock Option Plan.

## 10. Description of the Securities

### 10.1 Description of the Issuer's securities

#### Common Shares

The authorized capital of the Issuer consists of an unlimited number of common shares without par value, an unlimited number of special shares without par value and 500,000 preference shares without par value, of which 23,228,971 common shares, no special shares and no preferred shares are issued and outstanding as of the date hereof.

There are no special rights or restrictions attached to the Issuer's common shares. The holders of the common shares are entitled to receive notice of and to attend and vote at all meetings of the shareholders of the Issuer and each common share shall confer the right to one vote in person or by proxy at all meetings of the shareholders of the Issuer. The holders of the common shares, subject to the prior rights, if any, of any other class of shares of the Issuer outstanding at such time, are entitled to receive such dividends in any financial year as the directors of the Issuer may by resolution determine. In the event of the liquidation, dissolution or winding-up of the Issuer, whether voluntary or involuntary, the holders of the common shares are entitled to receive the remaining property and assets of the Issuer, subject to any prior rights of the holders of any other class of shares.

#### Warrants

The Issuer currently has the following warrants outstanding, each such warrant exercisable for one (1) Common Share on the terms set out below:

Number of Warrants	Exercise Price	Expiry Date
13,850,000 <sup>(1)</sup>	\$1.00	August 16, 2020
6,150,000 <sup>(2)</sup>	\$1.00	August 16, 2020

Notes:

(1) Issued in connection with the Offering.

(2) Issued in connection with the August Debt Settlement.

### 10.2 Debt securities

Not applicable.

### 10.4 Other securities

Not applicable.

### 10.5 Modification of terms

Not applicable

### 10.6 Other attributes

Not applicable

## 10.7 Prior Sales

The following table sets out details regarding the prior sales of the securities of the Issuer over the preceding twelve months from the date hereof:

Date of Issuance or Sale	Description of Transaction	Aggregate Number of Securities Issued	Type of Security	Price per Security	Total Gross Consideration
June 26, 2017	Debt settlement	400,000	Common Shares	\$0.02	\$8,000
August 16, 2017	Private placement	150,000	Common Shares	\$0.02	\$3,000
August 16, 2017	Private placement	13,850,000	Common Shares	\$0.02	\$277,000
		13,850,000	Warrants		
August 16, 2017	Debt settlement	6,150,000	Common Shares	\$0.02	\$123,000
		6,150,000	Warrants		
August 18, 2017	Purchase of Secret Barrel	2,000,000	Common Shares	\$0.02	Assets of Secret Barrel

## 10.8 Stock Exchange Price

The Issuer's common shares were previously listed for trading on the TSX Venture Exchange ("TSXV") under the trading symbol "WPR", which common shares were voluntarily de-listed from the TSXV on or around February 29, 2016. The Issuer's common shares have been conditionally accepted for trading on the Exchange under the trading symbol "SBD".

## 11. Escrowed Securities

In accordance with CSE Policies, all securities held by "Related Persons" of the Issuer as of the listing date are subject to escrow restrictions. Under the CSE Policies, "Related Persons" are (i) directors and officers of the Issuer, (ii) promoters of the Issuer, and (iii) any person that beneficially owns, either directly or indirectly, or exercises voting control or direction over at least 10% of the outstanding common shares of the Issuer. The CSE Policies require that the escrow securities be governed by the form of escrow agreement prescribed under National Policy 46-201 – *Escrow for Initial Public Offerings* (the "**Escrow Agreement**"). Securities held by "Related Persons" of the Issuer are held in escrow by TSX Trust Company as escrow agent and depositary pursuant to an escrow agreement dated January 29, 2018. 10% of such securities held in escrow will be released from escrow on the date the common shares are listed on the Exchange, and 15% every six months thereafter, subject to acceleration provisions provided for in National Policy 46-201 – *Escrow for Initial Public Offerings*. The following table sets forth details of the securities of the Issuer held in escrow:

Number and Type of Securities	% of Class	Release Schedule
12,900,000 common shares	55.97%	10% released upon Listing on the Exchange; 15% released 6 months from Listing; 15% released 12 months from Listing;
10,900,000 warrants	54.50%	15% released 18 months from Listing; 15% released 24 months from Listing; 15% released 30 months from Listing; 15% released 36 months from Listing.

In addition, the Payment Shares which are subject to the Escrow Agreement, upon release under the Escrow Agreement, shall become subject to additional escrow pursuant to the Share Purchase Agreement. See section 3.2 – Significant Acquisitions and Dispositions.

## 12. Principal Shareholders

To the knowledge of the directors and officers of the Issuer, no persons or corporations beneficially own, directly or indirectly, or exercise control or direction over securities carrying in excess of 10% of the voting rights attached to any class of outstanding voting securities of the Issuer, other than as set out below.

Name	Number of Common Shares Held	Percentage of Outstanding Common Shares
Rona Gayda	4,400,000	18.94%
Kelsi Gayda	3,500,000	15.06%
R. Brian Murray	3,000,000	12.91%

## 13 Directors and Officers

### 13.1 Directors and Executive Officers

The Issuer's articles provide that the Board consist of five (5) directors. The Board currently consists of five (5) directors to be elected annually. The following table states the names of the persons elected as directors, any offices with the Issuer currently held by them, their principal occupations or employment, the period or periods of service as directors of the Issuer and the approximate number of voting securities of the Issuer beneficially owned, directly or indirectly, or over which control or direction is exercised as of the date hereof. The term of office of each director will be from the date of the meeting at which he or she is elected until the next annual meeting, or until his or her successor is elected or appointed.

Name and Municipality of Residence	Principal Occupation	Director Since	Position with the Issuer	Number of Common Shares Beneficially Owned <sup>(1)</sup>
R. Brian Murray Ontario, Canada	Consultant	December 19, 2016	President and Chief Executive Officer	3,000,000
Chris Hopkins <sup>(2)</sup> Ontario, Canada	Chief Financial Officer and Corporate Secretary of Kerr Mines Inc. (TSX); Chief Financial Officer of ChroMedX Corp (CSE)	September 15, 2017	Chief Financial Officer	1,000
Roger S. Peacock <sup>(2)</sup> Ontario, Canada	Barrister and Solicitor	December 19, 2016	Director	101,000
Brian Stecyk <sup>(2)</sup> Alberta, Canada	Publisher and Editor	March 29, 2017	Director	1,000
J. Adam MacDonald Alberta, Canada	Business consultant	September 15, 2017	Director	2,000,000

Notes:

- (1) The information as to voting securities beneficially owned, controlled or directed, not being within the knowledge of the Issuer, has been furnished by the respective nominees individually.
- (2) Member of the Audit Committee.

### **13.2 Period of Service of Directors**

Information on the period of service of directors is contained in the table in Section 13.1 – *Directors and Executive Officers*.

### **13.3 Directors and Executive Officers Common Share Ownership**

The current directors and senior officers of the Issuer as a group, directly or indirectly, will beneficially own or exercise control or director over 5,103,000 common shares, representing approximately 21.97% of the issued and outstanding common shares.

### **13.4 Committees**

*Audit Committee:*

The Audit Committee is comprised of Roger Peacock (Chair), Chris Hopkins and Brian Stecyk, each of whom is a director and financially literate in accordance with section 1.6 of MI 52-110. Messrs. Peacock and Stecyk are each independent within the meaning of section 1.4 of MI 52-110, and Mr. Hopkins is not independent by virtue of his management position with the Issuer. All decisions are made by full board of director meetings or consent resolutions.

### **13.5 Principal Occupation of Directors and Officers**

Information on directors and executive officers' principal occupation is contained in the table in Section 13.1- *Directors and Executive Officers*.

### **13.6 Orders, Events and Bankruptcies**

Other than as set out below, to the knowledge of the Issuer, no director or officer of the Issuer is, or within 10 years before the date hereof has been, a director or officer of a corporation that while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity: (a) was the subject of a cease trade or similar order, or an order that denied the corporation access to any exemptions under securities law, for a period of more than 30 consecutive days; (b) was subject to any event that resulted, after the director or officer ceased to be a director or officer, in the corporation being the subject of a cease trade order or similar order or an order that denied the corporation access to any exemption under securities legislation, for a period of more than 30 consecutive days; or (c) became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

R. Brian Murray was a director of Process Capital Corp when it was ceased traded in May 2012 by the Ontario Securities Commission, the Alberta Securities Commission and the British Columbia Securities Commission for failing to file certain required financial statements and related filings. The company currently remains cease traded.

R. Brian Murray was a director of High American Gold Inc. (now Antioquia Gold Inc.) when it was cease traded in August 2002 by the Ontario Securities Commission, the Alberta Securities Commission and the British Columbia Securities Commission for failing to file its annual financial statements and related filings. On March 5, 2008, the Ontario Securities Commission issued a full revocation of the cease trade order issued on August 26, 2002 against High American Gold Inc. (now Antioquia Gold Inc.). The British Columbia Securities Commission and the Alberta Securities

Commission also issued full revocations of the cease trade orders previously issued against High American Gold Inc. (now Antioquia Gold Inc.) effective March 6, 2008 and March 10, 2008, respectively.

R. Brian Murray was a director of Explorers Alliance Corp. in February 2002 when it was cease traded by the Ontario Securities Commission, the Alberta Securities Commission and the British Columbia Securities Commission for failure to file financial statements and related filings. The company currently remains cease traded; however, Mr. Murray resigned as a director of the company in January 2008.

R. Brian Murray was a director of Leasecor Equipment Finance Inc., a private company, which filed a proposal under the Companies Creditors Arrangement Act (CCAA) in January 2008 and became bankrupt thereafter.

Brian Stecyk was a director, Chairman and Chief Executive Officer of Range Gold Corp. in November 2010. Range Gold Corp. experienced financial hardship and was unable to fund continued operations including an audit and was subsequently cease traded by the CSE in 2011 for failure to meet filing requirements. The company was subsequently delisted from the CSE in June 2012.

### **13.7 Penalties or Sanctions**

To the knowledge of the Issuer, no director or officer of the Issuer has been subject to any: (a) penalties or sanctions imposed by a court relating to Canadian securities legislation or by a Canadian securities regulatory authority or has entered into a settlement agreement with a Canadian securities regulatory authority; or (b) other penalties or sanctions imposed by a court or regulatory body that would be likely to be considered important to a reasonable securityholder in deciding whether to vote for the proposed director.

### **13.9 Personal Bankruptcies**

To the knowledge of the Issuer, none of the Issuer's directors or officers has individually, within the 10 years prior to the date of this Listing Statement, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director, officer or shareholder.

### **13.10 Conflicts of Interest**

There are no known existing or potential conflicts of interest among the Issuer and the directors and officers of the Issuer as a result of their outside business interests except that certain of the directors and officers may serve as directors, officers, promoters and members of management of other companies and therefore it is possible that a conflict may arise between their duties as a director and officer of the Issuer and their duties as a director, officer, promoter or member of management of such other companies.

The directors and officers of the Issuer have been advised of the existence of laws governing accountability of directors and officers regarding corporate opportunity and requiring disclosures by directors of conflicts of interest, and the Issuer will rely upon such laws in respect of any directors' and officers' conflicts of interest or in respect of any breaches of duty by any of the directors or officers. All such conflicts are required to be disclosed by such directors or officers in accordance

with the *Business Corporations Act* (Ontario) and they are required to govern themselves in respect thereof to the best of their ability in accordance with the obligations imposed upon them by law.

### 13.11 Management Biographies

The following are brief biographies of the current executive officers and directors of the Issuer:

**R. Brian Murray, *President, CEO and Director*** – Mr. Murray has worked as a Chartered Professional Accountant and a Chartered Accountant in Ontario for over 40 years. He has more than 20 years' experience with reporting issuers and is currently the CEO of Rainbow Resources Inc., Director of Process Capital Corp., CFO of Sea Green Capital Inc. and Shoal Point Energy Ltd. Mr. Murray has held numerous other board positions, including CFO of Range Energy Resources Inc. and President and Director of Nebu Resources Corp. and President and Director of Cava Resources Inc.

Mr. Murray has not entered into a non-disclosure or a non-competition agreement with the Issuer.

**Chris Hopkins, *CFO and Director*** – Mr. Hopkins has over 25 years of financial management experience in the resources industry. He has spent most of his career in senior roles with public mining companies, including U.S. Silver, Rio Algom, BHP Billiton, Suncor and several Canadian and international junior mining companies. He has a Bachelor of Commerce from the University of Toronto, and a Chartered Accountant designation and MBA from the Schulich School of Business at York University.

Mr. Hopkins has not entered into a non-disclosure or a non-competition agreement with the Issuer.

**Roger S. Peacock, *Director*** – Mr. Peacock is a Barrister and Solicitor and member of the Law Society of Upper Canada. He has been General Counsel to Star Navigation Systems Group Ltd., an aviation technology firm, since 2004. Prior to joining Star, Mr. Peacock's areas of practice included Corporate and Commercial law, Securities, Corporate Finance and Trust and Estate matters.

Mr. Peacock has not entered into a non-disclosure or a non-competition agreement with the Issuer.

**Brian Stecyk, *Director*** – Mr. Stecyk has an extensive background not only in corporate communications, but also in corporate and political networking and public relations. Following a career in senior management at the Alberta Government, Brian owned and operated a successful advertising and public relations firm that is now entering its thirty-sixth year in business. In addition to marketing and communications his strengths include strategic management and planning. For several years he was a member of the Canadian Association of Professional Speakers. Mr. Stecyk has held various senior executive positions and has served on many government boards, including several charity boards, over the years. Currently, Mr. Stecyk sits on the board of directors of Stina Resources Ltd. (SQA:CSE) and is a director and member of the audit committee of Integrated Energy Storage Corp.

Mr. Stecyk has not entered into a non-disclosure or a non-competition agreement with the Issuer.

**J. Adam MacDonald, *Director*** - J. Adam MacDonald, CPA, has held various roles in business advisory and financial management at Deloitte LLP and Stawowski McGill LLP. Mr. MacDonald conceived and developed concept to launch Secret Barrel Distillery Corporation. He has a Bachelor of Business Administration from St. Francis Xavier University, and a Chartered Professional Accountant designation.

Mr. MacDonald has not entered into a non-disclosure or a non-competition agreement with the Issuer.

#### 14. Capitalization

14.1 The following table sets out certain information in respect of the distribution of the common shares:

##### Issued Capital

	Number of Securities (non-diluted)	Number of Securities (fully-diluted)	% of Issued (non-diluted)	% of Issued (fully diluted)
<b>Public Float</b>				
Total outstanding (A)	23,228,971	43,228,971	100%	100%
Held by Related Persons or employees of the Issuer or Related Person of the Issuer, or by persons or companies who beneficially own or control, directly or indirectly, more than a 5% voting position in the Issuer (or who would beneficially own or control, directly or indirectly, more than a 5% voting position in the Issuer upon exercise or conversion of other securities held) (B)	13,003,000	24,006,000	55.98%	55.53%
Total Public Float (A-B)	10,225,971	19,222,971	44.02%	44.47%
<b>Freely-Tradeable Float</b>				
Number of outstanding securities subject to resale restrictions, including restrictions imposed by pooling or other arrangements or in a shareholder agreement and securities held by control block holders (C)	11,610,000 <sup>(1)</sup>	22,510,000	49.98%	52.07%
Total Tradeable Float (A-C)	11,618,971	20,718,971	50.02%	47.93%

Notes:

- (1) See Section 11 – Escrowed Securities. Upon the effective date of the common shares being listed on the Exchange, 1,290,000 (10%) of the common shares held in escrow pursuant to the Escrow Agreement will be released immediately (of which, 200,000 common shares will remain subject to escrow pursuant to the Share Purchase Agreement), and the remaining 11,610,000 common shares will be subject to escrow or resale restrictions.



### Public Securityholders (Registered)

For the purposes of the following table, “public securityholders” are persons other than persons enumerated in section (B) of the above Issued Capital table, and only registered holders are listed.

#### **Class of Security – Common Shares**

<u>Size of Holding</u>	<u>Number of holders</u>	<u>Total number of securities</u>
1 – 99 securities	2,340	9,353
100 – 499 securities	1	200
500 – 999 securities	Nil	Nil
1,000 – 1,999 securities	140	140,000
2,000 – 2,999 securities	4	8,000
3,000 – 3,999 securities	Nil	Nil
4,000 – 4,999 securities	Nil	Nil
5,000 or more securities	30	10,068,418
	<u>2,515</u>	<u>10,225,971</u>

### Public Securityholders (Beneficial)

For the purposes of the following table, “public securityholders (beneficial)” include: (i) beneficial holders holding securities in their own name as registered shareholders; and (ii) beneficial holders holding securities through an intermediary; but does not include “non-public securityholders” being those persons enumerated in section (B) of the above Issued Capital table.

#### **Class of Security**

<u>Size of Holding</u>	<u>Number of holders</u>	<u>Total number of securities<sup>(1)</sup></u>
1 – 99 securities	2,951	19,133
100 – 499 securities	102	23,384
500 – 999 securities	31	20,359
1,000 – 1,999 securities	167	173,305
2,000 – 2,999 securities	20	43,522
3,000 – 3,999 securities	5	17,720
4,000 – 4,999 securities	5	21,380
5,000 or more securities	60	9,907,168
Unable to confirm	3,341	10,225,971

## Non-Public Securityholders (Registered)

**Instruction:** For the purposes of this report, "non-public securityholders" are persons enumerated in section (B) of the issued capital chart.

### **Class of Security**

<u>Size of Holding</u>	<u>Number of holders</u>	<u>Total number of securities</u>
1 – 99 securities	Nil	Nil
100 – 499 securities	Nil	Nil
500 – 999 securities	Nil	Nil
1,000 – 1,999 securities	2	2,000
2,000 – 2,999 securities	Nil	Nil
3,000 – 3,999 securities	Nil	Nil
4,000 – 4,999 securities	Nil	Nil
5,000 or more securities	5	13,001,000
	7	13,003,000

**14.2** The following table sets out information with respect to securities outstanding that are convertible or exchangeable into Common Shares:

<b>Description of Security (include conversion / exercise terms, including conversion / exercise price)</b>	<b>Number of convertible / exchangeable securities outstanding</b>	<b>Number of listed securities issuable upon conversion / exercise</b>
Warrants	20,000,000	20,000,000

**14.3** There are no listed securities reserved for issuance that are not included in section 14.2.

## **15. Executive Compensation**

### **Named Executive Officers**

For the purposes of this Listing Statement, a "Named Executive Officer" of the Issuer means each of the following individuals:

- a Chief Executive Officer of the Issuer;
- a Chief Financial Officer of the Issuer;
- each of the Issuer's three most highly compensated executive officers, or the three most highly compensated individuals acting in a similar capacity, other than the Chief Executive Officer and the Chief Financial Officer, at the end of the most recently completed financial year whose total compensation was, individually, more than \$150,000, as determined in accordance with subsection 1.3(5) of Form 51-102F6V, for that financial year; and

- (d) each individual who would be an Named Executive Officer under paragraph (c) above but for the fact that the individual was neither an executive officer of the Issuer, nor acting in a similar capacity, at the end of that financial year.

The Named Executive Officers of the Issuer during the financial year ended March 31, 2017 was R. Brian Murray and Alex Falconer.

In respect of the Issuer's financial year ended March 31, 2018, it is intended that the directors of the Issuer will be Messrs. R. Brian Murray, Roger Peacock, Brian Stecyk, Chris Hopkins and J. Adam MacDonald, and the Named Executive Officers of the Issuer will be R. Brian Murray and Chris Hopkins.

### Summary Compensation Table

The following table provides a summary of compensation paid, directly or indirectly, for each of the two most recently completed financial years to the Named Executive Officers and the directors of the Issuer:

TABLE OF COMPENSATION EXCLUDING COMPENSATION SECURITIES <sup>(1)</sup>							
Name and position	Year	Salary, consulting fee, retainer or commission (\$)	Bonus (\$)	Committee or meeting fees (\$)	Value of perquisites (\$)	Value of all other compensation (\$)	Total compensation (\$)
R. Brian Murray <sup>(2)</sup> President, Chief Executive Officer and Director	2017	9,000	Nil	Nil	Nil	Nil	\$9,000
	2016	Nil	Nil	Nil	Nil	Nil	Nil
Alex Falconer <sup>(3)</sup> Chief Financial Officer and Director	2017	7,000	Nil	Nil	Nil	Nil	\$7,000
	2016	Nil	Nil	Nil	Nil	Nil	Nil
Roger S. Peacock Director	2017	Nil	Nil	Nil	Nil	Nil	Nil
	2016	Nil	Nil	Nil	Nil	Nil	Nil
Rona Gayda <sup>(4)</sup> Director	2017	Nil	Nil	Nil	Nil	Nil	Nil
	2016	Nil	Nil	Nil	Nil	Nil	Nil
Brian Stecyk Director	2017	Nil	Nil	Nil	Nil	Nil	Nil
	2016	Nil	Nil	Nil	Nil	Nil	Nil
John Tait <sup>(2)</sup> Former President and Chief Executive Officer	2017	40,000	Nil	Nil	Nil	Nil	40,000
	2016	Nil	Nil	Nil	Nil	Nil	Nil
Michael Leskovec <sup>(5)</sup> Former Chief Financial Officer	2017	Nil	Nil	Nil	Nil	Nil	Nil
	2016	Nil	Nil	Nil	Nil	Nil	Nil
Chris Irwin <sup>(6)</sup> Former Director	2017	30,000	Nil	Nil	Nil	Nil	30,000
	2016	Nil	Nil	Nil	Nil	Nil	Nil

*Notes:*

- (1) This table does not include any amount paid as reimbursement for expenses.  
(2) John Tait resigned as President and Chief Executive Officer on December 19, 2016, and Mr. R. Brian Murray was appointed as President and Chief Executive Officer in his stead.  
(3) Alex Falconer was appointed as Chief Financial Officer on December 19, 2016. Mr. Falconer resigned on September 15, 2017.  
(4) Rona Gayda resigned as a Director on September 15, 2017.  
(5) Michael Leskovec resigned as Chief Financial Officer on February 29, 2016.  
(6) Chris Irwin resigned as a Director on December 19, 2016.

## **Stock Options and Other Compensation Securities**

No compensation securities were granted or issued to any Named Executive Officer or to any director of the Issuer during the most recently completed financial year of the Issuer for services provided or to be provided, directly or indirectly, to the Issuer or any of its subsidiaries.

None of the Named Executive Officers or directors of the Issuer exercised any compensation securities during the most recently completed financial year of the Issuer.

## **Stock Option Plan and other Incentive Plans**

The Issuer has in place a “rolling” stock option plan (the “**Stock Option Plan**”) which was approved by the shareholders at the last annual and special meeting on December 19, 2016.

The purpose of the Stock Option Plan is to, among other things, encourage Common Share ownership in the Issuer by directors, officers, employees and consultants of the Issuer and its affiliates and other designated persons. Options may be granted under the Stock Option Plan only to directors, officers, employees and consultants of the Issuer and its subsidiaries and other designated persons as designated from time to time by the Board. The number of options which may be issued under the Stock Option Plan is limited to 10% of the number of Common Shares outstanding at the time of the grant of the options. As at the date hereof, there are 2,322,897 Common Shares reserved for issuance under the Stock Option Plan. Any Common Shares subject to an option which, for any reason, is cancelled or terminated prior to exercise will be available for a subsequent grant under the Stock Option Plan. The option price of any Common Shares cannot be less than the market price of the Common Shares. Options granted under the Stock Option Plan may be exercised during a period not exceeding five years, subject to earlier termination upon the termination of the optionee’s employment, upon the optionee ceasing to be an employee, officer, director or consultant of the Issuer or any of its subsidiaries or ceasing to have a designated relationship with the Issuer, as applicable, or upon the optionee retiring, becoming permanently disabled or dying. The options are non-transferable. The Stock Option Plan contains provisions for adjustment in the number of Common Shares issuable thereunder in the event of a subdivision, consolidation, reclassification or change of the Common Shares, a merger or other relevant changes in the Issuer’s capitalization. Subject to shareholder approval in certain circumstances, the Board may from time to time amend or revise the terms of the Stock Option Plan or may terminate the Stock Option Plan at any time. The Stock Option Plan does not contain any provision for financial assistance by the Issuer in respect of options granted under the Stock Option Plan.

The Issuer has no equity compensation plans other than the Stock Option Plan.

## **Employment, Consulting and Management Agreements**

The Issuer does not have in place any employment agreements between the Issuer or any subsidiary or affiliate thereof and its Named Executive Officers.

There are no employment agreements in place with any of the directors of the Issuer.

## **Oversight and Description of Director and Named Executive Officer Compensation**

### ***Compensation of Directors***

The Board, at the recommendation of the management of the Issuer, determines the compensation payable to the directors of the Issuer and reviews such compensation periodically throughout the year. For their role as directors of the Issuer, each director of the Issuer who is not a Named Executive Officer may, from time to time, be awarded stock options under the provisions of the Stock Option Plan. There are no other arrangements under which the directors of the Issuer who are not Named Executive Officers were compensated by the Issuer or its subsidiaries during the most recently completed financial year end for their services in their capacity as directors of the Issuer.

### ***Compensation of Named Executive Officers***

#### **Principles of Executive Compensation**

The Issuer believes in linking an individual's compensation to his or her performance and contribution as well as to the performance of the Issuer as a whole. The primary components of the Issuer's executive compensation are base salary and option-based awards. The Board believes that the mix between base salary and incentives must be reviewed and tailored to each executive based on their role within the organization as well as their own personal circumstances. The overall goal is to successfully link compensation to the interests of the shareholders. The following principles form the basis of the Issuer's executive compensation program:

1. align interest of executives and shareholders;
2. attract and motivate executives who are instrumental to the success of the Issuer and the enhancement of shareholder value;
3. pay for performance;
4. ensure compensation methods have the effect of retaining those executives whose performance has enhanced the Issuer's long term value; and
5. connect, if possible, the Issuer's employees into principles 1 through 4 above.

The Board is responsible for the Issuer's compensation policies and practices. The Board has the responsibility to review and make recommendations concerning the compensation of the directors of the Issuer and the Named Executive Officers. The Board also has the responsibility to make recommendations concerning annual bonuses and grants to eligible persons under the Stock Option Plan. The Board also reviews and approves the hiring of executive officers.

#### **Base Salary**

The Board approves the salary ranges for the Named Executive Officers. The base salary review for each Named Executive Officer is based on assessment of factors such as current competitive market conditions, compensation levels within the peer group and particular skills, such as leadership ability and management effectiveness, experience, responsibility and proven or expected performance of the particular individual. Comparative data for the Issuer's peer group is also accumulated from a number of external sources including independent consultants. The Issuer's policy for determining salary for executive officers of the Issuer is consistent with the administration of salaries for all other employees.

### Annual Incentives

The Issuer is not currently awarding any annual incentives by way of cash bonuses. However, the Issuer, in its discretion, may award such incentives in order to motivate executives to achieve short-term corporate goals. The Board approves annual incentives.

The success of Named Executive Officers in achieving their individual objectives and their contribution to the Issuer in reaching its overall goals are factors in the determination of their annual bonus. The Board assesses each Named Executive Officers' performance on the basis of his or her respective contribution to the achievement of the predetermined corporate objectives, as well as to needs of the Issuer that arise on a day to day basis. This assessment is used by the Board in developing its recommendations with respect to the determination of annual bonuses for the Named Executive Officers.

### Compensation and Measurements of Performance

It is the intention of the Board to approve targeted amounts of annual incentives for each Named Executive Officer at the beginning of each financial year. The targeted amounts will be determined by the Board based on a number of factors, including comparable compensation of similar companies.

Achieving predetermined individual and/or corporate targets and objectives, as well as general performance in day to day corporate activities, will trigger the award of a bonus payment to the Named Executive Officers. The Named Executive Officers will receive a partial or full incentive payment depending on the number of the predetermined targets met and the Board's assessment of overall performance. The determination as to whether a target has been met is ultimately made by the Board and the Board reserves the right to make positive or negative adjustments to any bonus payment if they consider them to be appropriate.

### Long Term Compensation

The Issuer currently has no long-term incentive plans, other than stock options granted from time to time by the Board under the provisions of the Stock Option Plan.

### **Pension Disclosure**

There are no pension plan benefits in place for the Named Executive Officers or the directors of the Issuer.

### **Termination and Change of Control Benefits**

As at the date hereof, the Issuer does not have in place any pension or retirement plan. The Issuer has not provided compensation, monetary or otherwise, during the preceding fiscal year, to any person who now acts or has previously acted as a Named Executive Officer or director of the Issuer in connection with or related to the retirement, termination or resignation of such person. The Issuer has not provided any compensation to such persons as a result of a change of control of the Issuer, its subsidiaries or affiliates.

## **16. Indebtedness of Directors and Executive Officers**

### **16.1 Aggregate Indebtedness**

No existing or proposed director, executive officer or senior officer of the Issuer or any associate of any of them, was indebted to the Issuer as at the financial year ended March 31, 2017, or is currently indebted to the Issuer.

### **16.2 Indebtedness under Securities Purchase and Other Programs**

Not applicable.

## **17. Risk Factors**

The business to be conducted by the Issuer is subject to a number of risks outlined below. While this Listing Statement has described the risks and uncertainties that management of the Issuer believes to be material to the Issuer's business, other risks and uncertainties affecting the Issuer's business could potentially arise or become material in the future. The following risk factors should be carefully considered in evaluating the Issuer. The risks presented below may not be all of the risks that the Issuer may face.

### **17.1 Risk Factors Relating to the Issuer's Business and Industry**

*The Issuer has never been profitable, and may continue to incur net losses for the foreseeable future.*

Secret Barrel has incurred losses since its inception, including a net loss of \$11,767 during the 2016 financial year. The Issuer believes that it will continue to incur consolidated net losses as it expects to make continued significant investment in product development and sales and marketing and to incur significant administrative expenses as it seeks to grow its brands. The Issuer also anticipates that its cash needs will exceed its income from sales for the near future. Some of the Issuer's products may never achieve widespread market acceptance and may not generate sales and profits to justify its investment. Also, the Issuer may find that its expansion plans are more costly than it anticipates and that they do not ultimately result in commensurate increases in sales, which would further increase losses. The Issuer expects to continue to experience losses and negative cash flow from operations, some of which could be significant. Results of operations will depend upon numerous factors, some of which are beyond the Issuer's control, including market acceptance of its products, new product introductions and competition.

The Issuer has encountered, and will continue to encounter, risks and uncertainties frequently experienced by growing companies, such as the risks and uncertainties described herein. If the Issuer's assumptions regarding these risks and uncertainties (which the Issuer uses to plan its business) are incorrect or change due to changes in the Issuer's markets, or if the Issuer does not address these risks and uncertainties successfully, its operating and financial results could differ materially from its expectations and its business could suffer.

*The Issuer faces substantial competition in its industry, including many new entrants into spirits and consolidation among beverage alcohol producers, wholesalers, and retailers.*

The Issuer competes on the basis of product taste and quality, brand image, price, service and ability to innovate in response to consumer preferences. The global spirits industry is highly competitive and is dominated by several large, well-funded international companies. Many of the Issuer's

competitors and potential competitors are larger and have greater name recognition, longer operating histories, larger marketing budgets and significantly greater resources than the Issuer does. With the introduction of new market entrants, the Issuer expects competition to continue to intensify in the future. If the Issuer fails to compete effectively, its business will be harmed. Some of the Issuer's principal competitors may offer their products at a lower price, which would result in pricing pressures on the Issuer's business. If the Issuer is unable to achieve its target pricing levels, its operating results would be negatively impacted. In addition, pricing pressures and increased competition generally could result in reduced sales, lower margins, losses or the failure of the Issuer's products to achieve or maintain widespread market acceptance, any of which could harm the Issuer's business.

Consolidation among spirits producers, distributors, wholesalers, suppliers, or retailers could create a more challenging competitive landscape for the Issuer's products. Consolidation at any level could hinder the distribution and sale of its products as a result of reduced attention and resources allocated to its brands both during and after transition periods, because its brands might represent a smaller portion of the new business portfolio. Expansion into new product categories by other suppliers, or innovation by new entrants into the market, could increase competition in the Issuer's product categories.

Many of the Issuer's competitors are able to devote greater resources to the development, promotion and sale of their products. In addition, many of the Issuer's competitors have established marketing relationships and major distribution agreements with channel partners, consultants, and resellers. As a result, the Issuer's competitors may be able to respond more quickly and effectively to new or changing opportunities, technologies, standards or consumer preference. Other suppliers, as well as wholesalers and retailers of the Issuer's brands, offer products that compete directly with the Issuer's for shelf space, promotional displays, and consumer purchases. Pricing (including price promotions, discounting, couponing, and free goods), marketing, new product introductions, entry into the Issuer's distribution networks, and other competitive behavior by other suppliers, and by wholesalers and retailers, could adversely affect sales, margins, and the Issuer's business and financial results. For all of these reasons, the Issuer may not be able to compete successfully against its current and future competitors.

***Changes in consumer preferences and purchases, and the Issuer's ability to anticipate or react to them, could negatively affect its business results.***

The Issuer is a branded consumer products company in a highly competitive market, and its success depends on its continued ability to offer consumers appealing, high-quality products. Consumer preferences and purchases may shift due to a host of factors, many of which are difficult to predict, including changes in economic conditions, demographic and social trends; public health policies and initiatives; changes in government regulation of beverage alcohol products; the potential legalization of marijuana use on a more widespread basis within Canada or elsewhere; and changes in travel, leisure, dining, gifting, entertaining, and beverage consumption trends, which may reduce consumers' willingness to purchase distilled spirits or cause a shift in consumer preferences toward beer, wine or non-alcoholic beverages.

Consumers may begin to shift their consumption and purchases of the Issuer's products, or begin to prefer the products of competitors. As many more competitive brands enter the market, it could have a negative impact on the demand for the Issuer's brands. In addition, the Issuer could experience unfavorable business results if it fails to attract consumers from diverse backgrounds and ethnicities in Canada. To succeed, the Issuer must anticipate or react effectively to shifts in demographics, consumer behavior, consumer preferences, drinking tastes, and drinking occasions. There can be no assurance that the will continue to develop and implement successful line



extensions, packaging, formulation or flavor changes, or new products. Unsuccessful implementation or short-lived popularity of the Issuer's product innovations could result in inventory write-offs and other costs, reduction in profits from one year to the next, and also could damage consumers' perception of the Issuer's brand. The Issuer's inability to attract consumers to its products relative to its competitors' products could negatively affect the Issuer's growth, business, and financial results.

***If the Issuer's brands do not achieve more widespread consumer acceptance, its growth may be limited.***

The Issuer's brands are early in their growth cycle and have not achieved extensive brand recognition. Also, brands that the Issuer may acquire in the future are unlikely to have established extensive brand recognition. Accordingly, if consumers do not accept the Issuer's brands, it will not be able to penetrate its markets and its growth may be limited.

***The Issuer depend on a limited number of suppliers. Failure to obtain satisfactory performance from its suppliers or loss of its existing suppliers could cause it to lose sales, incur additional costs and lose credibility in the marketplace.***

The Issuer depends on a limited number of third-party suppliers for the sourcing of all of its products, including a third-party distillery in Guyana. The Issuer relies on the third party suppliers produce their products. The Issuer does not have long-term written agreements with all of its suppliers. The termination of any of the Issuer's arrangements with suppliers or an adverse change in the terms of these arrangements could have a negative impact on the business of the Issuer. If the Issuer's suppliers increase their prices, the Issuer may not have alternative sources of supply and may not be able to raise the prices of its products to cover all or even a portion of the increased costs. Additionally, the Issuer's suppliers' failure to perform satisfactorily or handle increased orders, delays in shipments of products from suppliers or the loss of existing suppliers could cause the Issuer to fail to meet orders for its products, lose sales, incur additional costs and/or expose the Issuer to product quality issues. In turn, this could cause the Issuer to lose credibility in the marketplace and damage the Issuer's relationships with distributors, ultimately leading to a decline in business and results of operations. If the Issuer is not able to renegotiate these supplier arrangements on acceptable terms or find suitable alternatives, the Issuer's business could be negatively impacted.

***Production facility disruption could adversely affect the Issuer's business.***

A catastrophic event causing physical damage, disruption, or failure at one of the Issuer's (or one of its suppliers') distillation, bottling or other facilities could adversely affect the Issuer's business. The loss of a substantial amount of inventory, through fire, other natural or man-made disaster, contamination, or otherwise, could significantly reduce the supply of the affected product or products. A consequence of any of these or other supply or supply chain disruptions could result in the Issuer's inability to meet consumer demand for the affected products for a period of time. In addition, insurance proceeds may be insufficient to cover the replacement value of inventory and other assets if they were to be lost. Disaster recovery plans may not prevent business disruption, and reconstruction of any damaged facilities could require a significant amount of time.

***If the Issuer is unable to identify and successfully acquire additional brands that are complementary to its existing brand, its growth could be limited, and, even if additional brands are acquired, the Issuer may not realize planned benefits due to integration difficulties or other operating issues.***

A component of the Issuer's growth strategy is the acquisition of additional brands that are complementary to its existing brand through acquisitions of such brands or their corporate owners, directly or through mergers, joint ventures, long-term exclusive distribution arrangements and/or other strategic relationships. If the Issuer is unable to identify suitable brand candidates and successfully execute its acquisition strategy, its growth could be limited. Also, even if it is successful in acquiring additional brands, the Issuer may not be able to achieve or maintain profitability levels that justify its investment in, or realize operating and economic efficiencies or other planned benefits with respect to, those additional brands.

The addition of new products or businesses entails numerous risks with respect to integration and other operating issues, any of which could have a detrimental effect on the Issuer's results of operations and/or the value of its equity. These risks include:

- difficulties in assimilating acquired operations or products;
- unanticipated costs that could materially adversely affect results of operations;
- negative effects on reported results of operations from acquisition related charges and amortization of acquired intangibles;
- diversion of management's attention from other business concerns;
- adverse effects on existing business relationships with suppliers, distributors and retail customers;
- risks of entering new markets or markets in which the Issuer has limited prior experience; and
- the potential inability to retain and motivate key employees of acquired businesses.

Also, there are special risks associated with the acquisition of additional brands through joint venture arrangements. The Issuer may not have a majority interest in, or control of, future joint ventures in which it may enter. There is, therefore, risk that joint venture partners may at any time have economic, business or legal interests or goals that are inconsistent with the Issuer's interests or goals or those of the joint venture. There is also risk that current or future joint venture partners may be unable to meet their economic or other obligations and that the Issuer may be required to fulfill those obligations alone.

The Issuer's ability to grow through the acquisition of additional brands will also be dependent upon the availability of capital to complete the necessary acquisition arrangements. The Issuer intends to finance its brand acquisitions through a combination of available cash resources, third-party financing and, in appropriate circumstances, the further issuance of equity and/or debt securities; however, the Issuer's ability to finance such acquisitions may be limited by the terms of other equity and/or debt securities. Acquiring additional brands could have a significant effect on the Issuer's financial position, and could cause substantial fluctuations in its quarterly and yearly operating results. Also, acquisitions could result in the recording of significant goodwill and intangible assets on the Issuer's financial statements, the amortization or impairment of which would reduce reported earnings in subsequent years.

***If the Issuer fails to manage its growth effectively, the Issuer may be unable to execute its business plan or adequately address competitive challenges.***

The Issuer anticipates that it will significantly expand its operations and employee headcount in the future. Growth will place, a significant strain on the Issuer's management, administrative, operational and financial infrastructure. The Issuer's success will depend in part on its ability to manage this growth effectively. To manage the expected growth of its operations and personnel, the Issuer will need to continue to improve its operational, financial and management controls, and its reporting systems and procedures. Failure to effectively manage growth could result in difficulty or delays in production, declines in quality or consumer acceptance, increases in costs, or other

operational difficulties. Any of these difficulties could adversely impact the Issuer's business performance and operating results.

***The Issuer must maintain a relatively large inventory of its products to support customer delivery requirements, and if this inventory is lost due to theft, fire or other damage or becomes obsolete, its results of operations would be negatively impacted.***

The Issuer must maintain relatively large inventories to meet customer delivery requirements for its products. The Issuer is always at risk of loss of that inventory due to theft, fire or other damage, and any such loss, whether insured against or not, could cause the Issuer to fail to meet its orders and harm sales and operating results. Also, its inventory may become obsolete as the Issuer introduces new products, ceases to produce old products or modify the design of its products' packaging, which would increase operating losses and negatively impact results of operations.

***The Issuer may require additional capital to support its operations or the growth of its business, and the Issuer cannot be certain that this capital will be available on reasonable terms when required, or at all.***

On occasion, the Issuer may need additional financing to operate or grow its business. The Issuer's ability to obtain additional financing, if and when required, will depend on investor and lender demand, the Issuer's operating performance, the condition of the capital markets and other factors. The Issuer cannot guarantee that additional financing will be available on favorable terms when required, or at all. If the Issuer raises additional funds through the issuance of equity, equity-linked or debt securities, those securities may have rights, preferences or privileges senior to the rights of its existing securityholders, which may also experience dilution. If the Issuer is unable to obtain adequate financing or financing on terms satisfactory to it when the Issuer requires it, its ability to continue to support the operation or growth of its business could be significantly impaired and its operating results may be harmed.

***The Issuer's failure to attract or retain key executive or employee talent could adversely affect its business.***

The Issuer's success depends upon the efforts and abilities of its senior management team, other key employees, and a high-quality employee base, as well as its ability to attract, motivate, reward, and retain them. The Issuer does not maintain and does not intend to obtain key man insurance on the life of any executive or employee. Difficulties in hiring or retaining key executive or employee talent, or the unexpected loss of experienced employees could have an adverse impact on the Issuer's business performance. In addition, the Issuer could experience business disruption and/or increased costs related to organizational changes, reductions in workforce, or other cost-cutting measures.

***Adverse public opinion about alcohol could reduce demand for the Issuer's products.***

Anti-alcohol groups have, in the past, advocated successfully for more stringent labeling requirements, higher taxes and other regulations designed to discourage alcohol consumption. More restrictive regulations, negative publicity regarding alcohol consumption and/or changes in consumer perceptions of the relative healthfulness or safety of beverage alcohol could decrease sales and consumption of alcohol and thus the demand for the Issuer's products. This could, in turn, significantly decrease both revenues and revenue growth, causing a decline in the Issuer's results of operations.

***Class action or other litigation relating to alcohol abuse or the misuse of alcohol could adversely affect the Issuer's business.***

Companies in the beverage alcohol industry are, from time to time, exposed to class action or other litigation relating to alcohol advertising, product liability, alcohol abuse problems or health consequences from the misuse of alcohol. It is also possible that governments could assert that the use of alcohol has significantly increased government funded health care costs. Litigation or assertions of this type have adversely affected companies in the tobacco industry, and it is possible that the Issuer, as well as its suppliers, could be named in litigation of this type.

Also, lawsuits have been brought in the United States alleging that beverage alcohol manufacturers and marketers have improperly targeted underage consumers in their advertising. Plaintiffs in these cases allege that the defendants' advertisements, marketing and promotions violate the consumer protection or deceptive trade practices statutes and seek repayment of the family funds expended by the underage consumers. The Issuer could be named in similar lawsuits in the future. Any class action or other litigation asserted against the Issuer could be expensive and time-consuming to defend against, depleting the Issuer's cash and diverting its personnel resources and, if the plaintiffs in such actions were to prevail, the Issuer's business could be harmed significantly.

***Regulatory decisions and legal, regulatory and tax changes could limit the Issuer's business activities, increase its operating costs and reduce its margins.***

The Issuer's business is subject to extensive regulation in all of the countries in which it operates or intends to operate in the future. This may include regulations regarding production, distribution, marketing, advertising and labeling of beverage alcohol products. The Issuer is required to comply with these regulations and to maintain various permits and licenses. The Issuer is also required to conduct business only with holders of licenses to import, warehouse, transport, distribute and sell beverage alcohol products. The Issuer cannot assure you that these and other governmental regulations applicable to the Issuer's industry will not change or become more stringent. Moreover, because these laws and regulations are subject to interpretation, the Issuer may not be able to predict when and to what extent liability may arise. Additionally, due to increasing public concern over alcohol-related societal problems, including driving while intoxicated, underage drinking, alcoholism and health consequences from the abuse of alcohol, various levels of government may seek to impose additional restrictions or limits on advertising or other marketing activities promoting beverage alcohol products. Failure to comply with any of the current or future regulations and requirements relating to Issuer's industry and products could result in monetary penalties, suspension or even revocation of licenses and permits. Costs of compliance with changes in regulations could be significant and could harm the Issuer's business, as the Issuer could find it necessary to raise prices in order to maintain profit margins, which could lower the demand for products and reduce sales and profit potential.

Also, the distribution of beverage alcohol products is subject to extensive taxation in Canada and internationally (and, in the U.S., at both the federal and state government levels), and beverage alcohol products themselves are the subject of national import and excise duties in most countries around the world. An increase in taxation or in import or excise duties could also significantly harm the Issuer's sales revenue and margins, both through the reduction of overall consumption and by encouraging consumers to switch to lower-taxed categories of beverage alcohol.

***The Issuer could face product liability or other related liabilities that increase its costs of operations and harm its reputation.***

Although the Issuer maintains liability insurance and will attempt to limit its contractually liability for damages arising from its products, these measures may not be sufficient for the Issuer to successfully avoid or limit liability. Further, any contractual indemnification and insurance coverage that the Issuer has from parties supplying its products is limited, as a practical matter, to the creditworthiness of the indemnifying party and the insured limits of any insurance provided by these suppliers. In any event, extensive product liability claims could be costly to defend and/or costly to resolve and could harm the Issuer's reputation.

***Contamination of the Issuer's products and/or counterfeit or confusingly similar products could harm the image and integrity of, or decrease customer support for, the Issuer's brands and decrease its sales.***

The success of the Issuer's brands depends upon the positive image that consumers have of them. Contamination, whether arising accidentally or through deliberate third-party action, or other events that harm the integrity or consumer support for the Issuer's brands, could affect the demand for its products. Contaminants in raw materials purchased from third parties and used in the production of its products or defects in the distillation, fermentation or bottling processes could lead to low beverage quality as well as illness among, or injury to, consumers of the Issuer's products and could result in reduced sales of the affected brand or all of the Issuer's brands. The Issuer may also be required to recall products in the event of contamination or damage. Also, to the extent that third parties sell products that are either counterfeit versions of the Issuer's brands or brands that look like its brands, consumers of the Issuer's brands could confuse its products with products that they consider inferior. This could cause them to refrain from purchasing the Issuer's brands in the future and in turn could impair the Issuer's brand equity and adversely affect its sales and operations.

***Currency exchange rate fluctuations and devaluations may have a significant adverse effect on the Issuer's revenues, sales, costs of goods and overall financial results.***

The Issuer's revenues and expenses are expected to be primarily denominated in Canadian dollars, while suppliers (specifically in Guyana) or other third parties with which the Issuer conducts business, may transact business using other currencies, and therefore the Issuer may be exposed to significant currency exchange fluctuations. Recent events in the global financial markets have been coupled with increased volatility in the currency markets. Fluctuations in exchange rates may have a material adverse effect on the Issuer's business, financial condition and operating results. The Issuer may, in the future, establish a program to hedge a portion of its foreign currency exposure with the objective of minimizing the impact of adverse foreign currency exchange movements. However, even if the Issuer develops a hedging program, there can be no assurance that it will effectively mitigate currency risks.

***Adverse economic conditions may negatively impact the Issuer's business.***

The worldwide and domestic economies have experienced adverse conditions and may be subject to further deterioration for the foreseeable future. The financial recession resulted in a significant weakening of the economy in North America, Europe and worldwide, more limited availability of credit, a reduction in business confidence and activity, and other difficulties that may affect the ability of suppliers, distributors or retailers to conduct business or to access liquidity, which could impact the Issuer's ability to produce or distribute its products. There can be no assurance that market conditions will improve in the near future. A prolonged downturn, further worsening or broadening of the adverse conditions in the worldwide and domestic economies could affect

consumer spending patterns and purchases of the Issuer's products, and create or exacerbate credit issues, cash flow issues and other financial hardships for the Issuer and for its suppliers, distributors, retailers and consumers. Depending upon their severity and duration, these conditions could have a material adverse impact on the Issuer's business, liquidity, financial condition and results of operations.

***Any failure to protect the Issuer's intellectual property rights could impair its ability to protect its proprietary technology and its brand.***

The Issuer's success and ability to compete depend in part on the Issuer's intellectual property in respect of its brands and products. The Issuer primarily relies on copyright, trade secret and trademark laws, trade secret protection and confidentiality or license agreements with its employees, customers, partners and others to protect its intellectual property rights. However, the steps the Issuer takes to protect its intellectual property rights may be inadequate.

In order to protect its intellectual property rights, the Issuer may be required to spend significant resources to monitor and protect these rights. Litigation brought to protect and enforce its intellectual property rights could be costly, time-consuming and distracting to management and could result in the impairment or loss of portions of the Issuer's intellectual property. Furthermore, the Issuer's efforts to enforce its intellectual property rights may be met with defenses, counterclaims and countersuits attacking the validity and enforceability of its intellectual property rights. Accordingly, the Issuer may not be able to prevent third parties from infringing upon or misappropriating its intellectual property. The Issuer's failure to secure, protect and enforce its intellectual property rights could materially adversely affect its brand and adversely impact its business.

### **Risks Related to Ownership of the Issuer's Common Shares**

***An active trading market for the Issuer's Common Shares may never develop or be sustained.***

The Issuer's Common Shares have been conditionally approved for listing on the Canadian Securities Exchange under the symbol "SBD." However, the Issuer cannot assure you that an active trading market for its Common Shares will develop on that exchange or elsewhere or, if developed, that any market will be sustained. Accordingly, the Issuer cannot assure you of the liquidity of any trading market, your ability to sell your Common Shares when desired or the prices that you may obtain for your Common Shares.

***The market price of the Issuer's Common Shares may be volatile, and you could lose all or part of your investment.***

The market price of the Issuer's Common Shares following listing may be highly volatile, and could be subject to wide fluctuations in response to various factors, some of which are beyond the Issuer's control and may not be related to its operating performance.

Fluctuations in the price of the Issuer's Common Shares could cause you to lose all or part of your investment because you may not be able to sell your Common Shares at or above the price you paid. Factors that could cause fluctuations in the market price of the Issuer's Common Shares include the following:

- price and volume fluctuations in the overall stock market from time to time;
- volatility in the market prices and trading volumes of technology stocks;

- changes in operating performance and stock market valuations of other technology companies generally or those in the Issuer's industry in particular;
- sales of Common Shares by the Issuer's shareholders;
- any changes in the financial projections that the Issuer may provide to the public, or the Issuer's failure to meet those projections;
- announcements by the Issuer or its competitors of new products or services;
- the public's reaction to the Issuer's press releases, other public announcements and filings with the securities commissions;
- rumors and market speculation involving the Issuer or other companies in its industry;
- actual or anticipated changes in the Issuer's operating results or fluctuations in its operating results;
- actual or anticipated developments in the Issuer's business, its competitors' businesses or the competitive landscape generally;
- litigation involving the Issuer, its industry or both, or investigations by regulators into the Issuer's operations or those of its competitors;
- developments or disputes concerning the Issuer's intellectual property or other proprietary rights;
- announced or completed acquisitions of businesses or technologies by the Issuer or its competitors;
- new laws or regulations or new interpretations of existing laws or regulations applicable to the Issuer's business;
- changes in accounting standards, policies, guidelines, interpretations or principles;
- any significant change in the Issuer's management; and
- general economic conditions and slow or negative growth of the Issuer's markets;

In addition, in the past, following periods of volatility in the overall market and the market price of a particular company's securities, securities class action litigation has often been instituted against these companies. This litigation, if instituted against the Issuer, could result in substantial costs and a diversion of management's attention and resources.

***The Issuer does not expect to declare any dividends in the foreseeable future.***

The Issuer does not anticipate declaring any cash dividends to holders of Common Shares in the foreseeable future. Consequently, investors may need to rely on sales of Common Shares after price appreciation, which may never occur, as the only way to realize any future gains on their investment.

## **17.2 Risk of Additional Securityholder Contribution**

There is no risk that holders of Common Shares may become liable to make additional contribution beyond the price of the Common Shares.

## **17.3 Relevant Additional Risk Factors**

The risk factors material to the Issuer that a reasonable investor would consider relevant to an investment in the Common Shares of the Issuer are described above and elsewhere in this Listing Statement.

## **18. Promoters**

Other than R. Brian Murray, there are no promoters of the Issuer.

## **19. Legal Proceedings**

### **19.1 Legal Proceedings**

The Issuer has not been subject to any material legal proceedings since incorporation, nor is the Issuer or any of its properties a party to or the subject of any such proceedings, and no such proceedings are known to be contemplated. The Issuer may be involved in routine, non-material litigation arising in the ordinary course of business, from time to time.

### **19.2 Regulatory actions**

There have not been any penalties or sanctions imposed against the Issuer by a court relating to provincial and territorial securities legislation or by a securities regulatory authority since its incorporation, nor have there been any other penalties or sanctions imposed by a court or regulatory body against the Issuer, and the Issuer has not entered into any settlement agreements before a court relating to provincial and territorial securities legislation or with a securities regulatory authority.

## **20. Interest of Management and Others in Material Transactions**

To the knowledge of management of the Issuer, no informed person or nominee for election as a director of the Issuer, or any associate or affiliate of an informed person or proposed director, has or had any material interest, direct or indirect, in any transaction since the commencement of the Issuer's most recently completed financial year or in any proposed transaction which has materially affected or will materially affect the Issuer or any of its subsidiaries other than as set out herein.

The term "informed person" as defined in National Instrument 51-102 *Continuous Disclosure Obligations* means a director or executive officer of the Issuer, or any person or company who beneficially owns, directly or indirectly, voting securities of the Issuer or who exercises control or direction over voting securities of the Issuer carrying more than 10% of the voting rights attached to all outstanding voting securities of the Issuer, other than voting securities held by the person or company as underwriter in the course of a distribution.

Except as otherwise disclosed herein, no informed person of the Issuer, proposed director of the Issuer or any associate or affiliate of an informed person or proposed director has any material interest, direct or indirect, in any transaction since the beginning of the most recently completed financial year of the Issuer or in any proposed transaction which has materially affected or will materially affect the Issuer or any of its subsidiaries.

## **21. Auditors, Transfer Agents and Registrars**

### **21.1 Auditors**

The auditor of the Issuer is MNP LLP, Chartered Professional Accountants, having an address of Suite 300, 111 Richmond Street, Toronto, Ontario, Canada, M5H 2G4.



## **21.2 Registrar and Transfer Agent**

The registrar and transfer agent of the Issuer is TSX Trust Company., having an address of Suite 301, 100 Adelaide Street West, Toronto, Ontario, Canada, M5H 4H1.

## **22. Material Contracts**

Please see section 3.2 Significant Acquisitions and Disposition for a description of the Share Purchase Agreement.

## **23 Interest of Experts**

The auditor of the Issuer, MNP LLP, have informed the Issuer that it is independent with respect to the Issuer within the meaning of the Rules of Professional Conduct of Chartered Professional Accountants of Ontario.

## **24. Other Material Facts**

There are no other material facts about the Issuer or the Common Shares that are not otherwise disclosed herein.

## **25. Financial Statements**

### **25.1 Financial Statements**

Attached as schedules to this Listing Statement are each of the following financial statements:

Schedule “A” – Audited financial statements of the Issuer for the years ended March 31, 2017 and 2016.

Schedule “C” - Unaudited interim financial statements of the Issuer for the six-month periods ended September 30, 2017 and 2016;

Schedule “E” - Audited financial statements of Secret Barrel for the years ended March 31, 2017 and 2016; and

### **25.2 Re-Qualifying Issuer**

This section is not applicable in this Listing Statement.

The first certificate below must be signed by the CEO, CFO, any person or company who is a promoter of the Issuer and two directors of the Issuer. In the case of an Issuer re-qualifying following a fundamental change, the second certificate must also be signed by the CEO, CFO, any person or company who is a promoter of the target and two directors of the target.

**CERTIFICATE OF THE ISSUER**

Pursuant to a resolution duly passed by its Board of Directors, White Pine Resources Inc., hereby applies for the listing of the above mentioned securities on the Exchange. The foregoing contains full, true and plain disclosure of all material information relating to White Pine Resources Inc. It contains no untrue statement of a material fact and does not omit to state a material fact that is required to be stated or that is necessary to prevent a statement that is made from being false or misleading in light of the circumstances in which it was made.

Dated at Toronto

this 29<sup>th</sup> day of January, 2018.

“R. Brian Murray” (signed)

Chief Executive Officer

“Chris Hopkins” (signed)

Chief Financial Officer

“J. Adam MacDonald” (signed)

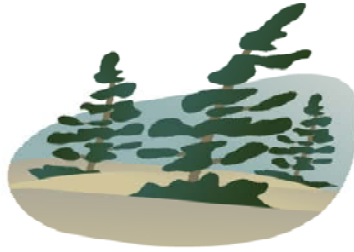
Director

“Roger S. Peacock” (signed)

Director

**SCHEDULE A**

**AUDITED ANNUAL FINANCIAL STATEMENTS OF THE ISSUER  
FOR THE YEARS ENDED MARCH 31, 2017, AND 2016**



*White Pine*

**WHITE PINE RESOURCES INC.  
FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED MARCH 31, 2017 AND 2016**

## Independent Auditors' Report

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To the Shareholders of White Pine Resources Inc.:

We have audited the accompanying financial statements of White Pine Resources Inc., which comprise the statement of financial position as at March 31, 2017 and 2016, and the statements of loss and comprehensive loss, changes in shareholders' equity (deficiency) and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditors' Responsibility*

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

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

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

### *Opinion*

In our opinion, the financial statements present fairly, in all material respects, the financial position of White Pine Resources Inc. as at March 31, 2017 and 2016 and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

### *Emphasis of Matter*

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

July 21, 2017  
Toronto, Ontario

*MNP LLP*

Chartered Professional Accountants  
Licensed Public Accountants

**MNP**  
LLP

**WHITE PINE RESOURCES INC.**  
**STATEMENTS OF FINANCIAL POSITION**

**AS AT**

(Expressed in Canadian dollars)

	<u>Note</u>	March 31, 2017	March 31, 2016
<b>ASSETS</b>			
<b>Current</b>			
Cash and cash equivalents		\$ 9,841	\$ 12,924
HST receivable		19,757	724
		<b>29,598</b>	13,648
<b>Property and Equipment</b>	4	-	3,291
<b>Exploration and evaluation assets</b>	5	1	1
		<b>\$ 29,599</b>	\$ 16,940
<b>LIABILITIES</b>			
<b>Current</b>			
Accounts payable and accrued liabilities		\$ 198,849	\$ 9,895
Loans payable	6,8	28,900	-
		<b>227,749</b>	9,895
<b>SHAREHOLDERS' EQUITY (DEFICIENCY)</b>			
Capital stock	7(a)	34,738,846	34,738,846
Issuable capital stock		1,900	-
Contributed surplus		9,954,845	9,954,845
Deficit		<b>(44,893,741)</b>	<b>(44,686,646)</b>
		<b>(198,150)</b>	7,045
		<b>\$ 29,599</b>	\$ 16,940

**NATURE OF OPERATIONS AND GOING CONCERN, (Note 1)**  
**SUBSEQUENT EVENTS, (Note 13)**

Approved on behalf of the board:

"Alex Falconer" Director  
"Brian Murray" Director

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

**WHITE PINE RESOURCES INC.**  
**STATEMENTS OF LOSS AND COMPREHENSIVE LOSS**  
**FOR THE YEARS ENDED MARCH 31, 2017 and 2016**

(Expressed in Canadian dollars)

	<u>Note</u>	2017	2016
<b>Expenses</b>			
Management fees	8	\$ 56,000	\$ -
Consulting fees		99,000	-
Professional fees		17,384	12,167
Office, general and administrative		367	315
Amortization		591	1,116
Regulatory and shareholder information		30,597	30,879
Interest and bank charges		456	377
Impairment of fixed asset		2,700	-
<b>Net loss and comprehensive loss for the year</b>		<b>\$ 207,095</b>	<b>\$ 44,854</b>
<b>Loss per share</b>			
Basic and fully diluted	12	\$ (0.31)	\$ (0.07)
Weighted average number of common shares outstanding, basic and diluted		678,971	678,971

The 50 for 1 common share consolidation affected all of the Company's outstanding common shares as at the effective date (Note 7); as a result, the prior year presentation in the financial statements has been restated.

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

**WHITE PINE RESOURCES INC.**  
**STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (DEFICIENCY)**  
**FOR THE YEARS ENDED MARCH 31, 2017 and 2016**  
(Expressed in Canadian dollars)

	<u>Note</u>	Capital Stock		Issuable Capital stock		Warrants reserve	Contributed surplus	Deficit	Total
		Number of shares	Amount	Number of shares	Amount				
Balance at March 31, 2015		678,971	\$ 34,738,846	-	\$ -	\$ -	\$ 9,954,845	\$ (44,641,792)	\$ 51,899
Net loss for the year		-	-	-	-	-	-	(44,854)	(44,854)
Balance at March 31, 2016		678,971	34,738,846	-	-	-	9,954,845	(44,686,646)	7,045
Issuable shares		-	-	95,000	1,900	-	-	-	1,900
Net loss for the year		-	-	-	-	-	-	(207,095)	(207,095)
<b>Balance at March 31, 2017</b>		678,971	\$ 34,738,846	95,000	\$ 1,900	\$ -	\$ 9,954,845	\$ (44,893,741)	\$ (198,150)

The 50 for 1 common share consolidation affected all of the Company's outstanding common shares as at the effective date (Note 7); as a result, the prior year presentation in the financial statements has been restated.

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



**WHITE PINE RESOURCES INC.**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED MARCH 31, 2017 and 2016**  
(Expressed in Canadian dollars)

	2017	2016
<b>Cash flows from operating activities</b>		
Net loss for the year	\$ (207,095)	\$ (44,854)
Adjustments not effecting cash:		
Amortization	591	1,116
Impairment of fixed asset	2,700	-
Changes in non-cash working capital		
HST receivable	(19,034)	2,541
Accounts payable and accrued liabilities	188,955	(497)
Cash flows used in operating activities	<b>(33,883)</b>	<b>(41,694)</b>
<b>Cash flows from financing activities</b>		
Issuable shares	1,900	-
Loan payable	28,900	-
Cash flows provided by financing activities	<b>30,800</b>	<b>-</b>
Net decrease in cash and cash equivalents	<b>(3,083)</b>	<b>(41,694)</b>
Cash and cash equivalents, beginning of year	<b>12,924</b>	<b>54,618</b>
Cash and cash equivalents, end of year	<b>\$ 9,841</b>	<b>\$ 12,924</b>

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

**WHITE PINE RESOURCES INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED MARCH 31, 2017 AND 2016**

(Expressed in Canadian dollars)

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**1. NATURE OF OPERATIONS AND GOING CONCERN**

White Pine Resources Inc. (“the Company” or “White Pine”) was incorporated under the Business Corporations Act (Ontario) on May 11, 1979 and is a company with exploration and evaluation assets in Canada. White Pine is engaged in the identification, acquisition, exploration and evaluation of gold, nickel, copper, zinc, silver and other base metal properties. The Company's registered office is located at Suite 520, 65 Queen Street West, Toronto, Ontario, M5H 2M5.

These financial statements have been prepared on a going concern basis, which assumes continuity of operations and realization of assets and settlement of liabilities in the normal course of business for the foreseeable future, which is at least, but not limited to, one year from March 31, 2017. However, The Company is in the exploration stage and is subject to risks and challenges similar to companies in a comparable stage. These risks include, but are not limited to, the challenges of securing adequate capital in view of exploration, development and operational risks inherent in the mining industry; changes in government policies and regulations; the ability to obtain the necessary environmental permitting; challenges in future profitable production or, alternatively The Company's ability to dispose of its exploration and evaluation assets on an advantageous basis; as well as global economic, precious and base metal price volatility; all of which are uncertain. As a result of these risks, there is no assurance that The Company's funding initiatives will continue to be successful and these financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and statement of financial position classifications that would be necessary were the going concern assumption inappropriate.

The current market conditions and volatility increase the uncertainty of the Company's ability to continue as a going concern given the need to both manage expenditures and to raise additional funds. The Company is experiencing, and has experienced, negative operating cash flows and has a working capital deficit of \$198,151 as at March 31, 2017 (March 31, 2016 - working capital of \$3,753). The Company will continue to search for new or alternate sources of financing in order to continue development of its products but anticipates that the current market conditions may impact the ability to source such funds. These material uncertainties cast significant doubt on the Company's ability to continue as a going concern.

There can be no assurance that the Company will be able to continue to raise funds in which case the Company may be unable to meet its obligations. Should the Company be unable to realize on its assets and discharge its liabilities in the normal course of business, the net realizable value of its assets may be materially less than the amounts recorded on the statement of financial position.

**2. BASIS OF PRESENTATION**

**Statement of Compliance**

The financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”).

The financial statements of the Company for the year ended March 31, 2017 were reviewed by the Audit Committee and approved and authorized for issue by the Board of Directors on July 20, 2017.

**Basis of Measurement**

These financial statements have been prepared on the historical cost basis except for certain financial instruments which are measured at fair value. In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

**WHITE PINE RESOURCES INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED MARCH 31, 2017 AND 2016**  
(Expressed in Canadian dollars)

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**Functional and Presentation Currency**

The financial statements are presented in Canadian dollars, which is also the Company's functional currency.

**Financial Instruments**

**(i) Non-derivative financial assets**

The Company initially recognizes loans and receivables and deposits on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognized initially on the trade date at which White Pine becomes a party to the contractual provisions of the instrument.

The Company initially recognizes loans and receivables and deposits on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognized initially on the trade date at which White Pine becomes a party to the contractual provisions of the instrument.

The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Company is recognized as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the consolidated statement of financial position when the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

The Company's non-derivative financial assets is comprised of accounts receivable and financial assets at fair value through profit and loss.

***Financial assets at fair value through profit or loss***

A financial asset is classified at fair value through profit or loss if it is classified as held for trading or is designated as such upon initial recognition. Financial assets are designated at fair value through profit or loss if the Company manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Company's documented risk management or investment strategy. Upon initial recognition attributable transaction costs are recognized in profit or loss as incurred. Financial assets at fair value through profit or loss are measured at fair value, and changes therein are recognized in profit or loss.

Financial assets at fair value through profit or loss consist of cash.

***Loans and receivables***

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses.

**WHITE PINE RESOURCES INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED MARCH 31, 2017 AND 2016**

(Expressed in Canadian dollars)

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**(ii) Non-derivative financial liabilities**

The Company initially recognizes debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities (including liabilities designated at fair value through profit or loss) are recognized initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

The Company derecognizes a financial liability when its contractual obligations are discharged, cancelled or expire.

Non-derivative financial liabilities comprise accounts payable and accrued liabilities.

Such financial liabilities are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortized cost using the effective interest method.

**(iii) Derivative financial liabilities**

Derivative instruments, including embedded derivatives, are recorded at their fair value on the date the derivative contract is entered into. They are subsequently remeasured at their fair value at each statement of financial position date, and the changes in the fair value are recognized in profit or loss. Fair values for derivative instruments are determined using valuation techniques, using assumptions based on market conditions existing at the statement of financial position date.

**Cash**

Cash includes balances held with a Canadian chartered bank which are redeemable upon demand.

**Exploration and Evaluation Assets**

Exploration and evaluation costs, including the costs of acquiring claims, are capitalized as exploration and evaluation assets on an area of interest basis pending determination of the technical feasibility and the commercial viability of the project. Capitalized costs include costs directly related to exploration and evaluation activities in the area of interest. General and administrative costs are only allocated to the asset to the extent that those costs can be directly related to operational activities in the relevant area of interest. When a claim is relinquished or a project is abandoned, the related costs are recognized in the statement of comprehensive income or loss immediately.

The shares issued for property acquisition have been valued based on the equity instruments granted, as the fair value of the assets received is not reliably determinable.

Exploration and evaluation assets are assessed for impairment if facts and circumstances suggest that the carrying amount exceeds the recoverable amount.

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified to mining property and development assets within property, plant and equipment.

## **Property and Equipment**

### **(i) Recognition and measurement**

Items of equipment are stated at cost less accumulated amortization and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset.

### **(ii) Subsequent costs**

The Company recognizes in the carrying amount of an item of equipment the cost of replacing part of such an item when that cost is incurred if it is probable that the future economic benefits embodied within the item will flow to the Company and the cost of the item can be measured reliably.

### **(iii) Amortization**

The carrying amounts of equipment (including initial and subsequent capital expenditure) are amortized to their estimated residual value over the estimated useful lives of the specific assets concerned. Amortization is provided using the declining balance basis at the following annual rates based on the estimated useful lives of the equipment:

Computer equipment and software 45%

Furniture and equipment 20%

Amortization methods, useful lives and residual values are reviewed at each financial year end and adjusted if appropriate.

### **(iv) Disposal**

Gains and losses on disposal of an item of equipment are determined by comparing the proceeds from disposal with the carrying amount of equipment and are recognized within “other income” in profit or loss.

## **Impairment**

### **(i) Financial assets**

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognised in profit or loss. Any cumulative loss in respect of an available-for-sale financial asset recognised previously in other comprehensive income is transferred to profit or loss.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized. For financial assets measured at amortised cost and available-for-sale financial assets that are debt securities, the reversal is recognised in profit or loss. For available-for-sale financial assets that are equity securities, the reversal is recognised directly in other comprehensive income.

**WHITE PINE RESOURCES INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED MARCH 31, 2017 AND 2016**

(Expressed in Canadian dollars)

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**(ii) Non-financial assets**

The carrying amounts of the Company's non-financial assets, other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the cash-generating unit).

An impairment loss is recognized if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognized in profit or loss. Impairment losses recognized in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro-rata basis. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

**Stock-based Compensation Transactions**

The grant date fair value of stock-based compensation awards granted to employees is recognized as an employee expense or capitalized to exploration and evaluation assets for grants to individuals working directly on exploration and evaluation assets, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognized as an expense is based on the number of awards that do meet the related service and non-market performance conditions at the vesting date. For stock-based compensation awards with no-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes. Fair values of stock-based compensation payments (including stock options and warrants) are determined based on estimated fair values at the time of grant using the Black-Scholes option pricing model using management's assumptions for warrants and stock options, respectively.

Stock-based compensation arrangements in which the Company receives goods or services as consideration for its own equity instruments are accounted for as equity-settled stock-based compensation transactions.

Where equity instruments are granted to non-employees, they are recorded in the statement of comprehensive loss, unless the services related to the issuance of shares, at the fair value of the goods or services received. Amounts related to the issuance of shares are recorded as a reduction of share capital. If the fair value of the goods or services received cannot be reliably measured, the fair value of the equity instrument is used.

**Provisions**

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost.

**WHITE PINE RESOURCES INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED MARCH 31, 2017 AND 2016**  
(Expressed in Canadian dollars)

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### **Income Tax**

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

### **Capital Stock**

#### ***Common shares***

Common shares are classified as equity. Incremental costs directly attributable to the issue of common shares and share options are recognized as a deduction from equity, net of any tax effects

#### ***Flow-through Shares***

To the extent that the Company issues common shares to subscribers on a flow-through basis at a premium to the market value of non-flow through common shares, any such premium is recorded as a liability on the Company's statement of financial position at the time of subscription. This liability is reduced, on a pro-rata basis, as the Company fulfills its expenditure renunciation obligation associated with such flow-through share issuances, with an offsetting amount recognized as income.

In respect of a retrospective renunciation, such obligation is considered to have been fulfilled once related renunciation filings have been made with the appropriate taxation authorities. In respect of prospective renunciation (i.e., a look-back renunciation), the obligation is considered to be fulfilled once related flow-through expenditures have been incurred.

### **Loss Per Share**

The Company presents basic and fully diluted loss per share data for its common shares. Basic loss per share is calculated by dividing the loss attributable to the Company's common shareholders by the weighted average number of common shares outstanding during the year, adjusted for own shares held. Fully diluted loss per share is determined by adjusting the loss attributable to common shareholders and the weighted average number of common shares outstanding, adjusted for own shares held, for the effects of all dilutive potential common shares, which comprise warrants and stock options granted.



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### **Recent Accounting Pronouncements**

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods after March 31, 2017 or later periods. Many are not applicable or do not have a significant impact to the Company and have been excluded from the table below. The following has not yet been adopted and is being evaluated to determine the impact on the Company.

- (i) IFRS 9, Financial Instruments (“IFRS 9”) was issued by the IASB in November 2009 with additions in October 2010 and May 2013 and will replace IAS 39 Financial Instruments: Recognition and Measurement (“IAS 39”). IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9, except that an entity choosing to measure a financial liability at fair value will present the portion of any change in its fair value due to changes in the entity’s own credit risk in other comprehensive income, rather than within profit or loss. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 is effective for annual periods beginning on or after January 1, 2018. Earlier adoption is permitted.
- (ii) On January 13, 2016 the IASB issued IFRS 16, “Leases”. The new standard is effective for annual periods beginning on or after January 1, 2019. Earlier application is permitted for entities that apply IFRS 15, “Revenue from contracts with customers” at or before the date of initial adoption of IFRS 16. IFRS 16 will replace IAS 17, “Leases”. This standard introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognize a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. This standard substantially carries forward the lessor accounting requirements of IAS 17, while requiring enhanced disclosures to be provided by lessors. Other areas of the lease accounting model have been impacted, including the definition of a lease. Transitional provisions have been provided. The extent of the impact of adoption of this standard has not yet been determined.

### **3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS**

The preparation of these financial statements requires management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual outcomes could differ from these estimates. These financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the consolidated financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the statement of financial position reporting date, that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

- (i) The Company assesses the carrying value of exploration and evaluation assets at each reporting period and makes judgements as to whether any indication of impairment exists;



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- (ii) Due to the nature of the Company's operations, various legal and tax matters are outstanding from time to time. By their nature, contingencies will only be resolved when one or more future events occur or fail to occur. The assessment of contingencies inherently involves the exercise of significant judgment and estimates of the outcome of future events. In the opinion of management, these matters did not have a material effect on the Company's financial position or results of operations as at and for the year ended March 31, 2017 and
- (iii) Management's assessment of the going concern assumption requires judgment with respect to the funds to be available over the next twelve months.

**4. PROPERTY AND EQUIPMENT**

	Computer equipment	Computer software	Furniture and equipment	Total
<u>Cost</u>				
Balance, March 31, 2015	\$ 4,516	\$ 20,984	\$ 17,356	\$ 42,856
Additions	-	-	-	-
Balance, March 31, 2016	\$ 4,516	\$ 20,984	\$ 17,356	\$ 42,856
Impairment	(4,516)	(20,984)	(17,356)	(42,856)
Balance, March 31, 2017	\$ -	\$ -	\$ -	\$ -
<u>Accumulated Amortization</u>				
Balance, March 31, 2015	\$ 4,462	\$ 20,094	\$ 13,893	\$ 38,449
Amortization for the period	26	398	692	1,116
Balance, March 31, 2016	\$ 4,488	\$ 20,492	\$ 14,585	\$ 39,565
Amortization for the period	10	166	415	591
Impairment	(4,498)	(20,658)	(15,000)	(40,156)
Balance, March 31, 2017	\$ -	\$ -	\$ -	\$ -
<u>Carrying Amounts</u>				
As at March 31, 2015	\$ 54	\$ 890	\$ 3,463	\$ 4,407
As at March 31, 2016	\$ 28	\$ 492	\$ 2,771	\$ 3,291
Balance, March 31, 2017	\$ -	\$ -	\$ -	\$ -

The Company has determined that there is \$2,700 impairment loss on property and equipment as at March 31, 2017 (March 31, 2016 - \$Nil).

**5. EXPLORATION AND EVALUATION ASSETS**

The Company held an option agreement to earn up to 70% in a Property. However the Company had decided to let those claims lapse in 2012 as it was their decision not to further pursue the property and as a result, all costs associated with the property were written off to operations in fiscal 2012.

Property	Balance	Option & acquisition costs	Exploration	Write-Downs	Balance
	March 31, 2015 and 2016				March 31, 2017
Lowland	\$ 1	\$ -	\$ -	\$ -	\$ 1

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**Lowland**

On March 26, 2008 the Company entered into an option agreement with Metalex Ventures Ltd. ("Metalex") and Arctic Star Diamond Corp. ("Arctic") pursuant to which the Company was granted the option to acquire a 50% interest in certain claims of Metalex's and Arctic's James Bay properties located on and around the "Ring of Fire" in Ontario. In October 2011, Metalex acquired Arctic's interest in the Lowland property.

Under the terms of the agreement, the Company had the right to fund a maximum of \$20.0 million in expenditures on the Lowland property over a four year period. For each \$5.0 million in expenditures, the Company would acquire a 12.5% interest in the Lowland property, up to a maximum 50% interest.

In October 2011, Metalex granted White Pine a 37.5% interest in the Lowland property for the expenditures of \$13.3 million previously incurred on the property (including \$9.3 million written-off during fiscal 2009). The option agreement was therefore terminated and the Company has retained its 37.5% interest in the Lowland property.

Due to current market conditions and the difficulty to raise additional financing, as well as the Company's inactivity on the Lowland property, management impaired the value of the Lowland property as at the year ended March 31, 2014. Management continues to retain its 37.5% interest in the property.

Subsequent to year end, the Company sold its interest in the Lowland property for \$1.00.

**6. LOANS PAYABLE**

As at March 31, 2017, the loans payable balance is \$28,900 (March 31, 2016 – \$Nil). The loans are non-interest bearing and have no specific terms of repayment. \$12,900 of the loans are payable to companies controlled by officers and directors of the Company (Note 8).

**7. CAPITAL STOCK**

**(a) Common shares**

**Authorized capital** - Unlimited number of common shares  
- Unlimited number of special shares  
- 500,000 preference shares

On January 25, 2017, the Company executed the consolidation of the outstanding common shares on the basis of 50 existing common shares for one new common share. This resulted in a reduction of outstanding shares from 33,966,533 to 678,971. The 50 to 1 consolidation affected all of the Company's outstanding common shares as at the effective date; as a result, the prior year presentation in the financial statements has been restated.

No shares were issued during the year ended March 31, 2017 and 2016.

Issuable shares are for \$1,900 of funds that has been received for 95,000 shares, but the shares have not been issued.

**(b) Stock option plan and share-based compensation**

The Company has a stock option plan (the "Plan") under which it is authorized to grant stock options to acquire common shares to Directors, officers, employees and consultants. The aggregate number of common shares which may be issued and sold under the Plan will not exceed 10% of the aggregate number of common shares issued and outstanding from time to time. The current number of common shares reserved for issuance upon the exercise of options granted pursuant to the Plan is 67,897. The number of common shares which may be reserved for issue to any one individual under the Plan within any one year period shall not exceed 5% of the outstanding issue. The Board of Directors shall determine the exercise price of stock options issued, as applicable, based on the market price. The stock options are non-assignable and may be granted for a term not exceeding five years. Stock options issued under the Plan may vest at the discretion of the Board of Directors.

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The following table summarizes information concerning the Company's stock options outstanding as at March 31, 2017:

	Number of Options	Weighted Average Exercise Price
Outstanding as at March 31, 2015	1,715,000	\$ 0.49
Expired	(900,000)	0.37
Outstanding as at March 31, 2016	815,000	\$ 0.62
Expired	(815,000)	0.62
Outstanding as at March 31, 2017	-	\$ -

The Company has no outstanding stock options at March 31, 2017

**8. RELATED PARTY TRANSACTIONS**

Related parties and related party transactions impacting the accompanying financial statements are summarized below and include transactions with the following individuals or entities:

Key management personnel:

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of executive and non executive members of the Company's Board of Directors and corporate officers.

Remuneration attributed to key management personnel can be summarized as follows:

	<b>March 31, 2017</b>	March 31, 2016
Short-term benefits*	\$ 56,000	\$ -

\*includes base salaries pursuant to contractual employment, or consultancy arrangements. These have been recorded in consulting fees and management fees.

As at March 31, 2017, loans payable consist of \$12,900 (March 31, 2016 - \$Nil) to companies controlled by officers and directors of the Company. The loans are non-interest bearing and have no specific terms of repayment.

As at March 31, 2017, the Company owes the former president of the Company for compensation \$40,000 (March 31, 2016 - \$Nil) included in accounts payable. Also in accounts payable is \$18,080 (March 31, 2016 - \$Nil) to companies controlled by officers and directors of the Company.

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**9. INCOME TAXES**

A reconciliation of current income taxes at statutory rates with the reported taxes is as follows:

	<b>March 31, 2017</b>	March 31, 2016
Net loss before taxes	\$ 207,095	\$ 44,854
Combined Canadian federal and provincial tax rate	<b>26.5%</b>	26.5%
Expected income tax (recovery) at statutory tax rates	\$ 54,880	\$ 11,886
Change in tax asset carry forwards	-	11,014
Change in unrecognized deferred tax assets	<b>(54,880)</b>	(22,900)
Total tax	<b>\$ -</b>	<b>\$ -</b>

Deferred taxes are provided as a result of temporary differences that arise due to the differences between the income tax values and the carrying amount of assets and liabilities. Deferred tax assets have not been recognized in respect of the following deductible temporary differences:

	<b>2017</b>	2016
Exploration & evaluation assets	\$ 22,654,250	\$ 22,654,250
Losses carried forward	<b>4,753,000</b>	4,589,000
Property, plant and equipment	<b>17,240</b>	13,950
Non-deductible salaries	<b>40,000</b>	-
	<b>27,464,490</b>	27,257,200
Deferred tax asset not recognized	<b>(27,464,490)</b>	(27,257,200)
	<b>\$ -</b>	<b>\$ -</b>

As at March 31, 2017 the Company has non-capital losses of \$4,753,000 (March 31, 2016 - \$4,645,000) that can be used to reduce future taxable income. These losses expire as follows:

2025	\$ 80,000
2026	452,000
2027	892,000
2028	555,000
2030	632,000
2031	628,000
2032	692,000
2033	436,000
2034	176,000
2035	1,000
2036	45,000
2037	164,000
	<b>\$ 4,753,000</b>

**WHITE PINE RESOURCES INC.**  
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**10. FINANCIAL RISK FACTORS**

The Company manages its exposure to a number of different financial risks arising from its operations as well as its use of financial instruments including market risks (commodity prices, foreign currency exchange rate and interest rate), credit risk and liquidity risk through its risk management strategy. The objective of the strategy is to support the delivery of the Company's financial targets while protecting its future financial security and flexibility.

Financial risks are primarily managed and monitored through operating and financing activities and, if required, through the use of derivative financial instruments. The financial risks are evaluated regularly with due consideration to changes in the key economic indicators and up-to-date market information.

The Company's financial instruments consist of cash and cash equivalents, amounts receivable, due from related party, reclamation bonds, accounts payable and accrued liabilities, and amounts due to related parties. The fair value of the Company's receivables, due from related party, accounts payable and accrued liabilities, and amounts due to related parties approximate their carrying value, due to their short-term maturities or ability of prompt liquidation. The Company's cash and cash equivalents are recorded at fair value, under the fair value hierarchy, based on level one quoted prices in active markets for identical assets or liabilities. The Company's other financial instrument, being reclamation bonds, are measured at amortized cost.

The Company is exposed in varying degrees to a variety of financial instrument related risks.

**Market Risk**

Market risk is the risk or uncertainty arising from possible market price movements and their impact on the future performance of the business. These market risks are evaluated by monitoring changes in key economic indicators and market information on an on-going basis.

a) Interest Rate Risk

The Company has cash balances, and is not at a significant risk to fluctuating interest rates. The Company's current policy is to invest excess cash in investment-grade short-term deposit certificates issued by its banking institutions. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its banks. As of March 31, 2017, the Company did not have any investments in investment-grade short-term deposit certificates.

b) Foreign currency risk

As at March 31, 2017, the Company's expenditures are predominantly in Canadian dollars, and any future equity raised is expected to be predominantly in Canadian dollars and therefore is not at a significant risk to fluctuating exchange risks.

**Liquidity Risk**

Liquidity risk encompasses the risk that a company cannot meet its financial obligations in full. The Company's main sources of liquidity is derived from its common stock issuances. These funds are primarily used to finance working capital, operating expenses, capital expenditures, and acquisitions.

The Company manages its liquidity risk by regularly monitoring its cash flows from operating activities and holding adequate amounts of cash and cash equivalents.

As at March 31, 2017, the Company held cash of \$9,841 (March 31, 2016 - \$12,924) to settle current liabilities of \$227,749 (March 31, 2016 - \$9,895). All of the Company's non-provision liabilities are due with the next fiscal year.

**WHITE PINE RESOURCES INC.**  
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**Credit Risk**

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Financial instruments that potentially subject the Company to credit risk consist of cash and cash equivalents. The Company has reduced its credit risk by investing its cash equivalents with a Canadian chartered bank.

**11. CAPITAL MANAGEMENT**

The Company defines capital management in the manner it manages its capital stock. As at March 31, 2017 the Company's capital stock was \$34,738,846 (March 31, 2016 - \$34,738,846).

There were no changes in the Company's approach to capital management during the period ended March 31, 2017 and the Company is not subject to any externally imposed capital requirements.

The Company's objectives when managing capital are:

- a) To safeguard the Company's financial capacity and liquidity for future earnings in order to continue to provide an appropriate return to shareholders and other stakeholders;
- b) To maintain a flexible capital structure which optimizes the cost of capital at an acceptable risk; and
- c) To enable the Company to maximize growth by meeting its capital expenditure budget, to expand its budget to accelerate projects, and to take advantage of acquisition opportunities.

The Company's capital structure includes components of shareholders' equity.

The Company regularly monitors and reviews the amount of capital in proportion to risk and future development and exploration opportunities. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may issue new debt or equity or similar instruments, reduce debt levels from, or make adjustments to, its capital expenditure program.

**12. BASIC AND DILUTED LOSS PER SHARE**

Basic loss per share has been calculated by dividing the net loss per the financial statements by the weighted average number of shares outstanding during the year. The fully diluted loss per share would be calculated using a common share balance increased by the number of common shares that could be issued on the exercise of outstanding warrants and options of the Company. As the Company is in a loss position for the period ended March 31, 2017, this would be anti-dilutive.

**13. SUBSEQUENT EVENTS**

Subsequent to year end, the Company settled an aggregate of \$8,000 of indebtedness through the issuance of 400,000 units at a price of \$0.02 per share.

**SCHEDULE B**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED MARCH 31, 2017**



## WHITE PINE RESOURCES INC. MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED MARCH 31, 2017

The following management's discussion and analysis ("**MD&A**") is management's assessment of the results and financial condition of White Pine Resources Inc. ("**White Pine**" or the "**Company**") and should be read in conjunction with the audited consolidated financial statements for the year ended March 31, 2017 ("**Fiscal 2017**"), which have been prepared in accordance with International Financial Reporting Standards ("**IFRS**"). All dollar amounts are in Canadian dollars, unless otherwise noted. The date of this MD&A is July 20, 2017. White Pine's most recent filings are available on the System for Electronic Document Analysis and Retrieval ("**SEDAR**") and can be accessed through the Internet at [www.sedar.com](http://www.sedar.com).

### 1. DESCRIPTION OF BUSINESS

White Pine is a Canadian-based exploration company focused on acquiring, exploring and developing mineral properties throughout Canada. White Pine has interest in over 25,000 hectares in the "Ring of Fire" ("**ROF**") discovery camp situated in the James Bay Lowlands of Ontario.

White Pine has focused its activities to offer shareholders leverage to precious and base metal minerals by acquiring exploration properties. White Pine has not conducted any significant revenue generating operations to date. As at March 31, 2017, White Pine had working capital deficit of \$198,151 (including cash of \$9,841) and no long-term debt. Based on the March 31, 2017 working capital position, White Pine does not have sufficient cash to continue significant exploration activities on its mineral property. Due to the challenging economic environment, White Pine does not plan to spend any additional funds on its mineral property until market conditions improve and it is able to obtain proceeds from additional equity financing. As a result, White Pine is conserving its cash resources. When capital markets permit, White Pine intends to obtain proceeds from additional equity financing to finance exploration expenditures, as well as general and administrative expenditures; however, there can be no assurance that additional capital or other types of financing will be available or that, if available, the terms of such financing will be favourable to White Pine.

White Pine also intends to target, review and, if desirable, acquire and develop additional mineral assets in order to augment and strengthen its current mineral property portfolio. In conducting its search for additional mineral properties, White Pine may consider acquiring properties that it considers prospective based on criteria such as the exploration history or location of the properties, or a combination of these and other factors. Risk factors to be considered in connection with the White Pine's search for and acquisition of additional mineral properties include the significant expenses required to locate and establish mineral reserves; the fact that expenditures made by White Pine may not result in discoveries of commercial quantities of minerals; environmental issues; land title; competition; and, the potential failure of White Pine to generate adequate funding for any such acquisitions (see Section 13.7 – Risks Factors).

The Company has also voluntarily delisted its common shares from the TSX Venture Exchange ("**TSXV**"). The Company believed that given market conditions, the minimal trading activity of the Company's common shares on the TSXV no longer justified the expense and administrative requirements associated with maintaining its listing. This determination was made after giving consideration to the available resources of the Company, the likelihood of being able to arrange for potential business transactions and financing, the ability of the Company to satisfy its outstanding obligations in the immediate future, and the extent of financial and other resources that will be required in order to fund future operations of the Company on a going forward basis.





## 2. MINERAL PROPERTY EXPLORATION ACTIVITIES

### 2.1 Lowland Property

In March 2008, White Pine entered into an option agreement with Metalex Ventures Ltd. (“**Metalex**”) and Artic Star Diamond Corp. (“**Arctic**”) whereby White Pine had the right to fund a maximum of \$20.00 million in expenditures and for each \$5.00 million in expenditures would acquire a 12.5% interest in the Lowland Property, up to a maximum 50% interest. See Section 3.2 – Mineral Property Commitments for more details on the option agreement.

In October 2011, Metalex acquired Arctic's interest in the Lowland Property. Also in October 2011, Metalex granted White Pine a 37.5% interest in the Lowland property for the expenditures of \$13.30 million incurred to that date on the property. The option agreement was therefore terminated and White Pine has retained its 37.5% interest in the Lowland Property.

Due to market conditions and the difficulty to raise additional financing, as well as White Pine's inactivity on the Lowland Property since its year ended March 31, 2011, management impaired the value as at the year ended March 31, 2014. White Pine continues to retain its 37.5% interest and management will continue to evaluate appropriate financing and strategic alternatives to move the project forward.

Subsequent to year-end the Company assigned the Lowland Properties to a non related party.

## 3. MINERAL PROPERTY EXPENDITURES AND COMMITMENTS

### 3.1 Mineral Property Expenditures

White Pine's expenditures on mineral properties through the year ended March 31, 2017 were as follows:

Mineral Property	Balance March 31, 2016	Option payments & acquisition costs	Exploration costs	Balance March 31, 2017
Lowland Property	\$ 1	\$ -	\$ -	\$ 1

For the year ended March 31, 2017, White Pine did not incur expenditures on its mineral properties as it conserved its limited cash resources. The Company is determining the next phase of exploration should the Company be able to raise additional capital. See Section 2.1 for further details on the most recent exploration program completed on the Lowland Property.



#### 4. SELECTED ANNUAL INFORMATION

The following chart summarizes selected annual financial information for the three most recently completed financial years. The information has been prepared in accordance with IFRS:

	Years Ended March 31,		
	2017	2016	2015
Operating expenses	\$207,095	\$44,854	\$54,511
Net loss	207,095	44,854	54,511
Loss per share	(0.31)	(.07)	Nil
Total assets	29,599	16,940	62,291
Total long-term financial liabilities	-	-	-
Cash dividends declared	-	-	-

Variances in the write-down of mineral properties is at the discretion of management and is recorded when circumstances arise which indicates the carrying value of the company's exploration and evaluation assets are impaired.

Variances in stock-based compensation is affected primarily by the timing and vesting of option grants.

Flow-through share premium resulted from the allocation of the premium above White Pine's market price attributed to flow-through shares issued from equity. As flow-through funds are utilized on exploration activities the flow-through share premium is recorded in net income.

Variances in total assets is primarily a result of exploration and evaluation asset write-downs.

White Pine has no significant operating revenues and has not declared any dividends.

#### 5. RESULTS OF OPERATIONS

Operations	Three months ended March 31,		Year ended March 31,	
	2017	2016	2017	2016
Regulatory and shareholder information	\$ 11,043	\$ 3,067	\$ 30,597	\$ 30,879
Legal and audit	(23,999) <sup>(2)</sup>	1,445	17,384	12,167
Management fees	56,000	-	18,000	-
Impairment of fixed asset	2,700	-	2,700	-
Interest and bank charges	140	91	456	377
Office and administration	290	90	367	315
Consulting fees	(1,000) <sup>(2)</sup>	-	137,000	-
Amortization	-	279	591	1,116
Net loss for the period	\$ 45,174	\$ 4,972	\$ 207,095	\$ 44,854
Net loss per share – Basic and fully diluted	\$0.00 <sup>(1)</sup>	\$0.00 <sup>(1)</sup>	\$(0.01) <sup>(1)</sup>	\$0.00 <sup>(1)</sup>

(1) Fully diluted weighted average common shares outstanding, used in the calculation of fully diluted loss per share, are not reflective of the outstanding stock options and warrants at that time as their exercise would be anti-dilutive in the loss per share calculation.



(2) Certain amounts are reallocated to reflect better reporting of expenses

### **5.1 Year Ended March 31, 2017**

White Pine's results of operations for the year ended March 31, 2017 resulted in a loss of \$207,095, compared to a loss of \$44,854 for the prior year.

The variance between the two fiscal periods is due to:

- Regulatory and shareholder information costs primarily relate to the Company's annual shareholder meeting, the printing and mailing of materials, transfer agent costs and annual filing fees; and
- Office and administration expense is decreased from the prior period as White Pine adjusted its insurance coverage for the year.
- Consulting fees also increased.

### **5.2 Three Months Ended March 31, 2017**

White Pine's results of operations for the three months ended March 31, 2017 resulted in a loss of \$45,174, compared to a loss of \$4,972 for the same period in prior year. A reduced level of expenditures (other than management fees) is being maintained in order to conserve cash resources, as explained in section 5.1 above. Legal and audit fees were in negative due to an allocation adjustment.



## 6. QUARTERLY FINANCIAL INFORMATION

The following is selected financial data from the quarterly interim consolidated financial statements of White Pine for the last eight completed fiscal quarters ending March 31, 2016. This information should be read in conjunction with White Pine's audited annual and unaudited interim consolidated financial statements for the periods below.

Operations	Quarter Ended Mar. 31, 2017	Quarter Ended Dec. 31, 2016	Quarter Ended Sep. 30, 2016	Quarter Ended Jun. 30, 2016
General, administrative & amortization expenses	\$45,174	\$15,888	\$69,312	\$76,721
<b>Loss</b>	<b>\$45,174</b>	<b>\$15,888</b>	<b>\$69,312</b>	<b>\$76,721</b>
<b>Loss per share – Basic and fully diluted</b>	<b>\$0.01<sup>(1)</sup></b>	<b>\$0.00<sup>(1)</sup></b>	<b>\$0.00<sup>(1)</sup></b>	<b>\$0.00<sup>(1)</sup></b>
Cash	\$9,841	\$8,121	\$5,370	\$8,192
Other current assets	19,757	15,715	3,154	2,060
Equipment	-	2,700	2,897	3,094
<b>Exploration and evaluation assets</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>
<b>Total Assets</b>	<b>\$29,599</b>	<b>\$26,537</b>	<b>\$11,422</b>	<b>\$13,347</b>

Operations	Quarter Ended Mar. 31, 2016	Quarter Ended Dec. 31, 2015	Quarter Ended Sep. 30, 2015	Quarter Ended Jun. 30, 2015
General, administrative & amortization expenses	\$4,972	\$5,962	\$28,974	\$4,946
<b>Loss</b>	<b>\$4,972</b>	<b>\$5,962</b>	<b>\$28,974</b>	<b>\$4,946</b>
<b>Loss per share – Basic and fully diluted</b>	<b>\$0.00<sup>(1)</sup></b>	<b>\$0.00<sup>(1)</sup></b>	<b>\$0.00<sup>(1)</sup></b>	<b>\$0.00<sup>(1)</sup></b>
Cash	\$12,924	\$26,381	\$34,052	\$57,800
Other current assets	724	5,444	3,969	368
Equipment	3,291	3,570	3,849	4,128
<b>Exploration and evaluation assets</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>
<b>Total Assets</b>	<b>\$16,940</b>	<b>\$35,396</b>	<b>\$41,871</b>	<b>\$62,297</b>

(1) Fully diluted weighted average common shares outstanding, used in the calculation of fully diluted net loss per share, are not reflective of the outstanding stock options and warrants at that time as their exercise would be anti-dilutive in the net loss per share calculation; and

Significant period-to-period fluctuations in loss are the result of White Pine's management and consulting fees charged and the decision to reduce operations to minimal levels in order to conserve the Company's cash resources.

The variance in exploration and evaluation assets is primarily a result of the acquisition costs incurred under mineral property option agreements as well as capitalized exploration costs. Exploration and evaluation asset are analyzed each period end to determine whether any write-downs are necessary. As a result, exploration and evaluation asset write-downs occur on an irregular basis.

The major variances in cash and cash equivalents and total assets are mainly attributable to equity placements and the funding of White Pine's exploration activities on its mineral properties as well as general and administrative expenses. White Pine does not generate any significant operating revenue.



## 7. FINANCIAL CONDITION

During the year ended March 31, 2017, White Pine's total assets increased to \$29,599 compared to \$16,940 at March 31, 2016 (a \$12,659 increase). This increase was primarily due to the \$19,033 increase in HST receivable (see below for explanation for decrease in cash).

White Pine financed its operating and investing activities from cash balances available from the previous year. White Pine's cash decreased from \$12,924 at March 31, 2016 to \$9,841 at March 31, 2017 (a decrease of \$3,083). The decrease was primarily due to the costs incurred with respect to the Company's annual shareholder meeting and annual filing fees.

During the year ended March 31, 2017, White Pine's working capital deficit increased to \$198,151 from a surplus of \$7,045 at March 31, 2016 (a increase of \$205,196). The increase in working capital deficit was a result of the increase in accounts payables during the period, which were mostly an increase in management and consulting fees, as well as the decrease in cash explained above.

Based on the March 31, 2017 working capital position, White Pine does not have sufficient cash to continue significant exploration activities on its mineral properties. Due to the challenging economic environment, White Pine does not plan to spend any additional funds on its mineral properties until market conditions improve and it is able to obtain proceeds from additional equity financing. As a result, White Pine is conserving its cash resources. When capital markets permit, White Pine intends to obtain proceeds from additional equity financing to finance exploration expenditures, as well as general and administrative expenditures; however, there can be no assurance that additional capital or other types of financing will be available or that, if available, the terms of such financing will be favourable to White Pine.

## 8. LIQUIDITY AND CAPITAL RESOURCES

White Pine is wholly dependent on equity financing to complete the development of its exploration and evaluation assets (see Section 14.7 – Risks Factors). White Pine does not expect to generate any significant revenues from operations in its next fiscal year.

White Pine is dependent on external financing to fund its acquisitions and exploration activities. In order to carry out further exploration and pay for general and administrative costs, White Pine may spend its existing working capital and attempt to raise additional funds as needed. White Pine will continue to assess new properties and seek to acquire interests in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so.

The ability of White Pine to successfully acquire additional mineral properties and proceed with exploration activities on current properties is conditional on its ability to secure financing when required. White Pine proposes to meet additional capital requirements through equity financing. In light of the continually changing financial markets, there is no assurance that new funding will be available at the times or in the amounts required or desired by White Pine, or upon terms acceptable to White Pine or at all.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of White Pine, is reasonable. There were no changes in White Pine's approach to capital management through year ended March 31, 2017. White Pine is not subject to externally imposed capital requirements.

White Pine had no off-balance sheet arrangements at March 31, 2017.



The Company has also voluntarily delisted its common shares from the TSXV. The Company believed that given market conditions, the minimal trading activity of the Company's common shares on the TSXV no longer justified the expense and administrative requirements associated with maintaining its listing. This determination was made after giving consideration to the available resources of the Company, the likelihood of being able to arrange for potential business transactions and financing, the ability of the Company to satisfy its outstanding obligations in the immediate future, and the extent of financial and other resources that will be required in order to fund future operations of the Company on a going forward basis.

## **9. OUTLOOK AND FUTURE EXPLORATION WORK**

Working capital from White Pine's treasury, as available from time to time, may also be used to acquire and explore other properties either alone or in concert with others as opportunities and finances permit.

White Pine intends to target, review and, if desirable, acquire and develop additional mineral assets in order to augment and strengthen its current mineral property portfolio. In conducting its search for additional mineral properties, White Pine may consider acquiring properties that it considers prospective based on criteria such as the exploration history or location of the properties, or a combination of these and other factors.

White Pine is in the exploration stage and is subject to risks and challenges similar to companies in a comparable stage. These risks include, but are not limited to, the challenges of securing adequate capital in view of exploration, development and operational risks inherent in the mining industry as well as global economic and gold price volatility. There is no assurance that White Pine's funding initiatives will continue to be successful to fund its planned exploration activities.

An investment in White Pine's securities is speculative, see Section 14.7 – Risk Factors.

## **10. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS**

These consolidated financial statements have been prepared using IFRS applicable to a going concern, which assumes continuity of operations and realization of assets and settlement of liabilities in the normal course of business. However, White Pine is in the exploration stage and is subject to risks and challenges similar to companies in a comparable stage. As a result of these circumstances, there is significant doubt as to the appropriateness of the going concern presumption. There is no assurance that White Pine's funding initiatives will continue to be successful and these financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and balance sheet classifications that would be necessary were the going concern assumption inappropriate. These adjustments could be material.

The preparation of these consolidated financial statements in accordance with International Accounting Standard as issued by the International Accounting Standards Board ("IASB"), requires management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual outcomes could differ from these estimates. These audited consolidated financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the audited consolidated financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the statement of financial position reporting date, that could result in a material adjustment to the carrying amounts of



assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

- White Pine assesses the carrying value of exploration and evaluation assets each reporting period to determine whether any indication of impairment exists. The calculation of recoverable amount requires the use of estimates and assumptions such as long-term commodity prices, discount rates, recoverable metals, and operating performance;
- due to the complexity and nature of White Pine's operations, various legal and tax matters are outstanding from time to time. By their nature, contingencies will only be resolved when one or more future events occur or fail to occur. The assessment of contingencies inherently involves the exercise of significant judgment and estimates of the outcome of future events. In the opinion of management, these matters did not have a material effect on White Pine's financial position or results of operations as at and for the year ended March 31, 2017; and
- Management's assessment of the going concern assumption requires judgment with respect to the funds to be available over the next twelve months.

## **11. SIGNIFICANT ACCOUNTING POLICIES**

White Pine's significant accounting policies are summarized in note 2 to the audited annual consolidated financial statements for the year ended March 31, 2017. White Pine is in the exploration stage and is subject to risks and challenges similar to companies in a comparable stage. The policies described below, and estimates related to them, have the most significant effect in preparation and presentation of White Pine's consolidated financial statements.

### ***Exploration and Evaluation Assets***

Exploration and evaluation costs, which are intangible costs, including the costs of acquiring claims, are capitalized as exploration and evaluation assets on an area of interest basis pending determination of the technical feasibility and the commercial viability of the project. Capitalized costs include costs directly related to exploration and evaluation activities in the area of interest. General and administrative costs are only allocated to the asset to the extent that those costs can be directly related to operational activities in the relevant area of interest. When a claim is relinquished or a property is abandoned, the related costs are recognized in profit or loss immediately.

Exploration and evaluation assets are assessed for impairment if (i) sufficient data exists to determine technical feasibility and commercial viability, and (ii) facts and circumstances suggest that the carrying amount exceeds the recoverable amount. For the purposes of impairment testing, exploration and evaluation assets are allocated to cash generating units to which the exploration activity relates. The cash-generating unit shall not be larger than the area of interest.

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified from intangible assets to mining property and development assets within property, plant and equipment.

### ***Share-Based Payment Transactions***

The grant date fair value of share-based payment awards granted to employees is recognized as an employee expense or capitalized to exploration and evaluation assets for grants to individuals working directly on mineral properties with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognized as an



expense is based on the number of awards that do meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant date fair value of the sharebased payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes. Fair values of share-based payments (including stock options and warrants) are determined based on estimated fair values at the time of grant using the Black-Scholes option pricing model.

The fair value of the amount payable to employees in respect of share appreciation rights, which are settled in cash, is recognized as an expense with a corresponding increase in liabilities, over the period that the employees unconditionally become entitled to payment. The liability is remeasured at each reporting date and at settlement date. Any changes in the fair value of the liability are recognized as personnel expense in profit or loss.

Share-based payment arrangements in which White Pine receives goods or services as consideration for its own equity instruments are accounted for as equity-settled share-based payment transactions, regardless of how the equity instruments are obtained by White Pine.

## **12. ACCOUNTING ISSUES**

### **12.1 Management of Capital Risk**

The objective when managing capital is to safeguard White Pine's ability to continue as a going concern, so that it can continue to provide adequate returns to shareholders, benefits to other stakeholders and to have sufficient funds on hand to meet its exploration and development plans to ensure the ongoing growth of the business.

White Pine considers as capital its shareholders equity and cash and equivalents. White Pine manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust capital structure, White Pine may issue new common shares through private placements, repurchase shares, sell assets, incur debt, or return capital to shareholders. White Pine's working capital deficit at March 31, 2017 was \$198,151. White Pine will require additional funds to carry out exploration on its mineral properties. Actual funding requirements may vary from those planned due to a number of factors, including the progress of exploration and development activities. Due to the cyclical nature of the industry, there is no guarantee that when White Pine needs to raise capital, there will be access to funds at that time.

White Pine is not subject to any capital requirements imposed by a lending institution or regulatory body.

### **12.2 Management of Financial Risk**

White Pine is exposed to various property and financial risks and assesses the impact and likelihood of this exposure. These risks include property risk, credit risk, liquidity risk, market risk, interest rate risk and commodity price risk. Where material, these risks are reviewed and monitored by the Board of Directors and they are more fully described in note 9 to the audited consolidated financial statements for the year ended March 31, 2017.





## 13. OUTSTANDING SHARE DATA

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	Number of Shares
<b>Common shares outstanding – March 31, 2016 and March 31, 2017 and July 20, 2017</b>	<b>33,966,533</b>

### 13.1 Common Shares

White Pine has an authorized share capital consisting of an unlimited number of common shares, unlimited number of special shares and 0.50 million preference shares.

### 13.2 Warrants

As of March 31, 2017, there were no warrants or broker warrants outstanding.

### 13.3 Stock Options

White Pine has a stock option plan (the “**Plan**”) under which it is authorized to grant stock options to acquire common shares to Directors, Officers, employees and consultants. The aggregate number of common shares which may be issued and sold under the Plan will not exceed 10% of the aggregate number of common shares issued and outstanding from time to time. The current number of common shares reserved for issuance upon the exercise of options granted pursuant to the Plan is 67,891. The number of common shares which may be reserved for issue to any one individual under the Plan within any one year period shall not exceed 5% of the outstanding issue. The Board of Directors shall determine the exercise price of stock options issued, as applicable, based on the market price. The stock options are non-assignable and may be granted for a term not exceeding five years. Stock options issued under the Plan may vest at the discretion of the Board of Directors.

During the year ended March 31, 2017, no stock options were granted and 815,000 stock options expired. There were no stock options outstanding at March 31, 2017:

## 14. OTHER INFORMATION

### 14.1 Contractual Commitments

White Pine has no contractual commitments, other than leases on offices entered into in the ordinary course of business. All mineral property option agreement commitments are at the option of White Pine and White Pine can terminate the agreements prior to being required to make payments on the mineral properties. White Pine may acquire other mineral properties and enter into other joint venture agreements in accordance with its business plan.

### 14.2 Disclosure Control and Procedures

White Pine’s Chief Executive Officer and Chief Financial Officer have evaluated the effectiveness of the design and operation of White Pine’s disclosure controls and procedures as at March 31, 2017. Based on this evaluation, the Chief Executive Officer and Chief Financial Officer have concluded that White Pine’s disclosure controls and procedures are effective to ensure that information required to be disclosed in reports filed or submitted by White Pine under Canadian securities legislation is reported within the time periods specified in those rules.



### 14.3 Internal Control over Financial Reporting

White Pine's Chief Executive Officer and Chief Financial Officer are responsible for establishing and maintaining adequate internal control over financial reporting. Under the supervision of the Chief Financial Officer, White Pine's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. There has been no change in White Pine's internal control over financial reporting during the year ended March 31, 2017 that has materially affected, or is reasonably likely to materially affect, White Pine's internal control over financial reporting.

### 14.4 Limitations of Controls and Procedures

White Pine's Chief Executive Officer and Chief Financial Officer believe that any disclosure controls and procedures or internal controls over financial reporting, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, they cannot provide absolute assurance that all control issues and instances of fraud, if any, within White Pine have been prevented or detected. These inherent limitations include the realities that judgments in decision making can be faulty, and that breakdowns can occur because of simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by unauthorized override of the control. The design of any systems of controls also is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Accordingly, because of the inherent limitations in a cost effective control system, misstatements due to error or fraud may occur and not be detected.

### 14.5 Corporate Governance

White Pine's Board of Directors follows corporate governance policies to ensure transparency and accountability to shareholders.

The Audit Committee fulfills its role of ensuring the integrity of the reported information through its review of the unaudited interim and audited annual consolidated financial statements prior to their submission to the Board of Directors for approval.

### 14.6 Related Party Transactions

Related parties and related party transactions impacting the accompanying financial statements are summarized below and include transactions with the following individuals or entities:

Key management personnel:

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of executive and non executive members of the Company's Board of Directors and corporate officers.

Remuneration attributed to key management personnel can be summarized as follows:

	March 31, 2017	March 31, 2016
Short-term benefits <sup>(*)</sup>	\$56,000	\$nil

\*includes base salaries pursuant to contractual employment, or consultancy arrangements. These have been recorded



in consulting fees and management fees.

As at March 31, 2017, loans payable consist of \$8,100 (March 31, 2016 - \$Nil) to companies controlled by officers and directors of the Company.

As at March 31, 2017, the Company owes the former president of the Company for compensation \$40,000 (March 31, 2016 - \$Nil) included in accounts payable. Also in accounts payable is \$18,080 (March 31, 2016 - \$Nil) to companies controlled by officers and directors of the Company.

#### **14.7 Risk Factors**

White Pine is in the exploration and development stage and is subject to the risks and challenges similar to other companies in a comparable stage. Other than the risks relating to reliance on financing previously discussed, the risks include, but are not limited to, limited operating history, speculative nature of mineral exploration and development activities, operating hazards and risks, mining risks and insurance, no mineral reserves, environmental and other regulatory requirements, competition, stage of development, fluctuations in commodity prices, conflicts of interest, reliance on key individuals, no key man insurance and enforcement of civil liabilities.

*Limited Operating History* - An investment in White Pine should be considered highly speculative due to the nature of White Pine's business. White Pine has no history of earnings, it has not paid any dividends and it is unlikely to enjoy earnings or be paying dividends in the immediate or foreseeable future.

*Speculative Nature of Mineral Exploration and Development Activities* - Resource exploration and development is a speculative business, characterized by a number of significant risks including, among other things, unprofitable efforts resulting not only from the failure to discover mineral deposits but from finding mineral deposits which, though present, are insufficient in quantity and quality to return a profit from production. The marketability of minerals acquired or discovered by White Pine may be affected by numerous factors which are beyond the control of White Pine and which cannot be accurately predicted, such as market fluctuations, the proximity and capacity of milling facilities, mineral markets and processing equipment and such other factors as government regulations, including regulations relating to royalties, allowable production, importing and exporting of minerals and environmental protection, the combination of which factors may result in White Pine not receiving an adequate return of investment capital.

Substantial expenditures are required to establish mineral reserves through drilling, to develop metallurgical processes to extract the metal from the ore and, in the case of new properties to develop the mining and processing facilities and infrastructure at any site chosen for mining. Although substantial benefits may be derived from the discovery of a major mineralized deposit, no assurance can be given that minerals will be discovered in sufficient quantities and grades to justify commercial operations or that the funds required for development can be obtained on a timely basis. Estimates of mineral reserves, mineral deposits and production costs can also be affected by such factors as environmental permitting regulations and requirements, weather, environmental factors, unforeseen technical difficulties, unusual or unexpected geological formations and work interruptions. In addition, the grade of ore ultimately mined may differ from that indicated by drilling results. Short-term factors relating to reserves, such as the need for orderly development of ore bodies or the processing of new or different grades, may also have an adverse effect on mining operations and on the results of operations. Material changes in mineral reserves, grades, stripping ratios or recovery rates may affect the economic viability of any project.

White Pine's mineral properties are in the exploration stage only and are without known bodies of mineral reserves. The exploration programs proposed by White Pine are exploratory searches for commercial ore bodies only. Development of any of White Pine's mineral properties will only follow upon obtaining satisfactory exploration results.

Few properties which are explored are ultimately developed into producing mines. Major expenses may be required to establish mineral reserves, develop metallurgical processes and construct mining and processing facilities at a



particular site. There is no assurance that White Pine's mineral exploration activities will result in any discoveries of commercial bodies of ore. Also, no assurance can be given that any or all of White Pine's properties will not be subject to prior unregistered agreements or interests or undetected claims which could be materially adverse to White Pine.

*No Mineral Reserves* - All of the White Pine properties are considered to be in the exploration stage only and do not contain a known body of commercial ore. Mineral reserves are estimates and no assurance can be given that the anticipated tonnages and grades will be achieved or that the indicated level of recovery will be realized. Reserve estimates for properties that have not yet commenced production may require revision based on actual production experience. Market price fluctuations of metals, as well as increased production costs or reduced recovery rates may render mineral reserves containing relatively lower grades of mineralization uneconomic and may ultimately result in a restatement of reserves. Moreover, short-term operating factors relating to the mineral reserves, such as the need for orderly development of the ore bodies and the processing of new or different ore grades may cause a mining operation to be unprofitable in any particular accounting period. While White Pine does have mineral resources, such resources are mineral reserves and do not have demonstrated economic viability.

*Conflicts of Interest* - Certain of the Directors and Officers of White Pine are engaged in, and will continue to engage in, other business activities on their own behalf and on behalf of other companies and, as a result of these and other activities, such Directors and Officers of White Pine may become subject to conflicts of interest. Canadian corporate laws provide that in the event that a Director has an interest in a contract or proposed contract or agreement, the Director shall disclose his interest in such contract or agreement and shall refrain from voting on any matter in respect of such contract or agreement unless otherwise provided under those laws. To the extent that conflicts of interest arise, such conflicts will be resolved in accordance with the provisions of the applicable Canadian corporate laws.

*Operating Hazards and Risks* - Mineral exploration involves many risks, which even a combination of experience, knowledge and careful evaluation may not be able to overcome. White Pine's operations will be subject to all the hazards and risks normally incidental to exploration, development and production of metals, such as unusual or unexpected formations, cave-ins or pollution, all of which could result in work stoppages, damage to property and possible environmental damage.

*Mining Risks and Insurance* - The business of mining for gold and other metals is generally subject to a number of risks and hazards including environmental hazards, industrial accidents, labour disputes, unusual or unexpected geological conditions, pressures, cave-ins, changes in the regulatory environment and natural phenomena such as inclement weather conditions, floods, blizzards and earthquakes. No assurance can be given that such insurance will continue to be available or that it will be available at economically feasible premiums. Mining operations will be subject to risks normally encountered in the mining business.

*Environmental and Other Regulatory Requirements* - White Pine's activities are subject to environmental regulations promulgated by government agencies from time to time. Environmental legislation generally provides for restrictions and prohibitions on spills, releases or emissions of various substances produced in association with certain mining industry operations, such as seepage from tailings disposal areas, which would result in environmental pollution. A breach of such legislation may result in imposition of fines and penalties. In addition, certain types of operations require the submission and approval of environmental impact assessments. Environmental legislation is evolving in a manner which means stricter standards and enforcement, fines and penalties for non-compliance are more stringent. Environmental assessments of proposed projects carry a heightened degree of responsibility for companies and Directors, Officers and employees. The cost of compliance with changes in governmental regulations has a potential to reduce the profitability of operations.

The exploration operations of White Pine and development and commencement of production on its properties require permits from various federal and local governmental authorities and such operations are and will be governed by laws and regulations governing prospecting, development, mining, production, exports, taxes, labour standards,



occupational health, waste disposal, toxic substances, land use, environmental protection, mine safety and other matters.

Companies engaged in the development and operation of mines and related facilities generally experience increased costs and delays in production and other schedules as a result of the need to comply with applicable laws, regulations and permits. White Pine believes it is in substantial compliance with all material laws and regulations which currently apply to its activities.

Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. Parties engaged in mining operations may be required to compensate those suffering loss or damage by reason of the mining activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations and, in particular, environmental laws.

*Competition* - Significant and increasing competition exists for the limited number of mineral acquisition opportunities available. As a result of this competition, some of which is with large established mining companies with substantial capabilities and greater financial and technical resources than White Pine. White Pine may be unable to acquire additional attractive mineral properties on terms it considers acceptable. Accordingly, there can be no assurance that White Pine's exploration and acquisition programs will yield any reserves or result in any commercial mining operation.

*Stage of Development* - White Pine is in the business of exploring for, with the ultimate goal of producing, precious and base metals from its mineral exploration properties. None of the White Pine properties have commenced commercial production and White Pine has no history of earnings or cash flow from its operations. As a result of the foregoing, there can be no assurance that White Pine will be able to develop any of its properties profitably or that its activities will generate positive cash flow.

White Pine has not paid any dividends and it is unlikely to enjoy earnings or paying dividends in the immediate or foreseeable future. White Pine has not sufficiently diversified such that it can mitigate the risks associated with its planned activities. White Pine has limited cash and other assets.

A prospective investor in White Pine must be prepared to rely solely upon the ability, expertise, judgment, discretion, integrity and good faith of White Pine's management in all aspects of the development and implementation of White Pine's business activities.

*Fluctuations in Commodity Prices* - The profitability, if any, in any mining operation in which White Pine has an interest is significantly affected by changes in the market price of precious and base metals which fluctuate on a daily basis and are affected by numerous factors beyond White Pine's control.

*Reliance on Key Individuals* - White Pine's success depends to a certain degree upon certain key members of the management. These individuals are a significant factor in White Pine's growth and success. The loss of the service of members of the management and certain key employees could have a material adverse effect on White Pine.

*No Key Man Insurance* - White Pine does not anticipate having key man insurance in place in respect of any of its senior officers or personnel.

*Enforcement of Civil Liabilities* - As the proposed major assets of White Pine and certain of its existing and proposed management are or will be located outside of Canada, it may be difficult or impossible to enforce judgments granted by a court in Canada against the assets of White Pine, or the management of White Pine, residing outside of Canada.



## 15. FORWARD-LOOKING STATEMENTS

This MD&A may contain forward-looking statements that are based on White Pine's expectations, estimates and projections regarding its business and the economic environment in which it operates. These statements speak only as of the date on which they are made, are not guarantees of future performance and involve risks and uncertainties that are difficult to control or predict. Examples of some of the specific risks associated with the operations of White Pine are set out above under "Risk Factors". Actual outcomes and results may differ materially from those expressed in these forward-looking statements and readers should not place undue reliance on such statements.

Certain information included in this MD&A may constitute forward-looking information within the meaning of securities laws. In some cases, forward-looking information can be identified by the use of terms such as "may", "will", "should", "expect", "believe", "plan", "scheduled", "intend", "estimate", "forecast", "predict", "potential", "continue", "anticipate" or other similar expressions concerning matters that are not historical facts. Forward-looking information may relate to management's future outlook and anticipated events or results, and may include statements or information regarding the future plans or prospects of White Pine. Forward-looking statements are necessarily based upon a number of estimates and assumptions that, while considered reasonable by management, are inherently subject to significant business, economic and competitive uncertainties and contingencies. Although White Pine believes that its expectations reflected in these forward-looking statements are reasonable, such statements involve risks and uncertainties and no assurance can be given that actual results will be consistent with these forward-looking statements.

Forward-looking information is inherently subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of White Pine to be materially different from those expressed or implied by such forward-looking information, including but not limited to, risks related to White Pine's goal of creating shareholder value by concentrating on the acquisition and development of properties that have the potential to contain economic mineral deposits; management's assessment of future plans for its property interests (See "Mining Properties – Exploration Activities"); management's economic outlook regarding future trends; White Pine's expected exploration budget and ability to meet its working capital needs at the current level in the short term (See "Liquidity and Capital Resources" and "Financial Conditions"); expectations with respect to raising capital (See "Liquidity and Capital Resources"); and management's proposed undertaking to attempt to renegotiate certain of its option agreements (See "Financial Conditions").

Inherent in forward-looking statements are risks, uncertainties and other factors beyond White Pine's ability to predict or control. These risks, uncertainties and other factors include, but are not limited to, mineral price volatility, changes in debt and equity markets, timing and availability of external financing on acceptable terms, the uncertainties involved in interpreting geological data and confirming title to recently acquired properties, the possibility that future exploration results will not be consistent with White Pine's expectations, increases in costs, environmental compliance and changes in environmental and other local legislation and regulation, interest rate and exchange rate fluctuations, changes in economic and political conditions and other risks involved in the mineral exploration and development industry, as well as those risk factors listed in the "Risk Factors" section above. Readers are cautioned that the foregoing list of factors is not exhaustive of the factors that may affect the forward-looking statements. Actual results and developments are likely to differ, and may differ materially, from those expressed or implied by the forward-looking statements contained in this MD&A. Such statements are based on a number of assumptions which may prove to be incorrect, including, but not limited to, assumptions about the following: the availability of financing for White Pine's exploration and development activities; operating and exploration and development costs; White Pine's ability to retain and attract skilled staff; timing of the receipt of regulatory and governmental approvals for exploration properties and other operations; market competition; and general business and economic conditions.

For further discussion of certain risks and uncertainties that could contribute to a difference in results that those expressed in certain forward looking statements contained herein, please review those risks listed under the heading





*White Pine*

“Risks Factors” in this MD&A. Although White Pine has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. Forward-looking statements are not guarantees of future performance and there can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements. These forwardlooking statements are made as of the date hereof and White Pine takes no responsibility to update them or to revise them to reflect new events or circumstances, except as required by law.

**SCHEDULE C**

**UNAUDITED INTERIM FINANCIAL STATEMENTS OF THE ISSUER  
FOR THE SIX-MONTH PERIOD ENDED SEPTEMBER 30, 2017**



**SBD CAPITAL CORP.**  
**(FORMERLY WHITE PINE RESOURCES INC.)**  
**(AMENDED)**  
**CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
**(UNAUDITED)**  
**FOR THE THREE AND SIX MONTH PERIODS ENDED SEPTEMBER 30, 2017 AND 2016**

### **NOTICE TO READER**

The attached condensed interim consolidated financial statements for the three and six month periods ended September 30, 2017 and 2016 are being refiled to correct the financial position of the Company as described in note 13.

**SBD CAPITAL CORP.**  
**(FORMERLY WHITE PINE RESOURCES INC.)**  
**MANAGEMENT’S RESPONSIBILITY FOR FINANCIAL REPORTING**  
**SEPTEMBER 30, 2017**

The accompanying condensed unaudited interim financial statements of SBD Capital Corp. (formerly White Pine Resources Inc., the “Company”) were prepared by management in accordance with International Financial Reporting Standards. Management acknowledges responsibility for the preparation and presentation of the condensed interim consolidated financial statements, including responsibility for significant accounting judgments and estimates and the choice of accounting principles and methods that are appropriate to the Company’s circumstances.

Management has established systems of internal control over the financial reporting process, which are designed to provide reasonable assurance that relevant and reliable financial information is produced.

The Board of Directors is responsible for ensuring that management fulfills its financial reporting responsibilities and for reviewing and approving the condensed interim consolidated financial statements together with other financial information. The Audit Committee, on behalf of the Board of Directors, meets with management to review the internal controls over the financial reporting process, the financial statements together with other financial information of the Company, and the auditor’s report. The Audit Committee reports its findings to the Board of Directors for its consideration in approving the financial statements for issuance to the shareholders. Management recognizes its responsibility for conducting the Company’s affairs in compliance with established financial standards, and applicable laws and regulations, and for maintaining proper standards of conduct for its activities.

**SBD CAPITAL CORP. (FORMERLY WHITE PINE RESOURCES INC.)**  
**(AMENDED)**  
**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
**AS AT**  
(Unaudited - in Canadian dollars)

	Note	September 30, 2017	March 31, 2017 (Audited)
<b>ASSETS</b>			
<b>Current</b>			
Cash and cash equivalents		\$ 154,477	\$ 9,841
Accounts receivable		18,221	-
GST/HST receivable		33,093	19,757
Inventory	5	35,509	-
Prepaid expenses		8,921	-
Loans and advances		1,278	-
		<b>251,499</b>	<b>29,598</b>
<b>Mineral interests</b>	7	-	1
<b>Goodwill</b>	6	<b>7,810</b>	-
		<b>\$ 259,309</b>	<b>\$ 29,599</b>
<b>LIABILITIES</b>			
<b>Current</b>			
Accounts payable and accrued liabilities		\$ 107,860	\$ 198,849
Loans payable		-	28,900
		<b>107,860</b>	<b>227,749</b>
<b>SHAREHOLDERS' EQUITY (DEFICIENCY)</b>			
Capital stock	8(a)	34,942,949	34,738,846
Issuable capital stock	8(a)(vi)	17,500	1,900
Contributed surplus		10,200,621	9,954,845
Deficit		<b>(45,009,621)</b>	<b>(44,893,741)</b>
		<b>151,449</b>	<b>(198,150)</b>
		<b>\$ 259,309</b>	<b>\$ 29,599</b>

**NATURE OF OPERATIONS AND GOING CONCERN, (Note 1)**

Approved on behalf of the board:

"Roger Peacock"      Director  
"Brian Murray"      Director

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

**SBD CAPITAL CORP. (FORMERLY WHITE PINE RESOURCES INC.)****(AMENDED)****CONDENSED INTERIM CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS****FOR THE THREE AND SIX MONTH PERIODS ENDED SEPTEMBER 30, 2017 and 2016**

(Unaudited - in Canadian dollars)

	Note	Three Months		Six Months	
		2017	2016	2017	2016
<b>Revenue</b>					
Sales of product		\$ 18,506	\$ -	\$ 18,506	\$ -
<b>Direct costs</b>					
AGLC liquor tax		(8,243)	-	(8,243)	-
Cost of goods sold		(4,526)	-	(4,526)	-
Shipping, freight and delivery		(484)	-	(484)	-
Total direct costs		(13,253)	-	(13,253)	-
<b>Gross margin</b>		<b>5,253</b>	<b>-</b>	<b>5,253</b>	<b>-</b>
<b>Expenses</b>					
Management fees	9	\$ 19,500	\$ -	\$ 34,500	\$ -
Consulting fees		11,600	50,000	20,600	100,000
Professional fees		6,235	18,110	16,235	41,383
Office, general and administrative		12,544	-	12,944	77
Amortization		-	197	-	394
Transfer agent fees		34,967	885	36,286	3,938
Interest and bank charges		394	120	567	241
Total expenses		(85,240)	(69,312)	(121,132)	(146,033)
<b>Net (loss) before assignment of asset</b>		<b>\$ (79,987)</b>	<b>\$ (69,312)</b>	<b>\$ (115,879)</b>	<b>\$ (146,033)</b>
Assignment of asset	7	-	-	(1)	-
<b>Net (loss) and comprehensive (loss) for the period</b>		<b>\$ (79,987)</b>	<b>\$ (69,312)</b>	<b>\$ (115,880)</b>	<b>\$ (146,033)</b>
<b>Loss per share</b>					
Basic and fully diluted	12	\$ (0.01)	\$ (0.10)	\$ (0.02)	\$ (0.22)
Weighted average number of common shares outstanding, basic and diluted		8,591,749	678,971	6,385,360	678,971

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

**SBD CAPITAL CORP. (FORMERLY WHITE PINE RESOURCES INC.)****(AMENDED)****CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (DEFICIENCY)  
FOR THE THREE AND SIX MONTH PERIODS ENDED SEPTEMBER 30, 2017 and 2016**

(Unaudited - in Canadian dollars)

	Note	Capital Stock		Issuable Capital stock		Contributed surplus	Deficit	Total
		Number of shares	Amount	Number of shares	Amount			
<b>Balance at March 31, 2016</b>		678,971	\$ 34,738,846	-	\$ -	\$ 9,954,845	\$ (44,686,646)	\$ 7,045
Issuable shares		-	-	-	-	-	-	-
Net loss for the period		-	-	-	-	-	(146,033)	(146,033)
<b>Balance at September 30, 2016</b>		678,971	\$ 34,738,846	-	\$ -	\$ 9,954,845	\$ (44,832,679)	\$ (138,988)
Issuable shares		-	-	95,000	1,900	-	-	1,900
Net loss for the period		-	-	-	-	-	(61,062)	(61,062)
<b>Balance at March 31, 2017</b>		678,971	\$ 34,738,846	95,000	\$ 1,900	\$ 9,954,845	\$ (44,893,741)	\$ (198,150)
Shares issued for cash	8(a)(iii),(iv)	14,000,000	280,000	(95,000)	(1,900)	-	-	278,100
Shares issued for acquisition of Secret Barrel	8(a)(v), 6	2,000,000	40,000	-	-	-	-	40,000
Shares issued for debt settlement	8(a)(i),(ii)	6,550,000	131,000	-	-	-	-	131,000
Issuable shares	8(a)(vi)	-	-	875,000	17,500	-	-	17,500
Fair value on warrants	8(c)	-	(245,776)	-	-	245,776	-	-
Share issue costs		-	(1,121)	-	-	-	-	(1,121)
Net loss for the period		-	-	-	-	-	(115,880)	(115,880)
<b>Balance at September 30, 2017</b>		23,228,971	\$ 34,942,949	875,000	\$ 17,500	\$ 10,200,621	\$ (45,009,621)	\$ 151,449

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

**SBD CAPITAL CORP. (FORMERLY WHITE PINE RESOURCES INC.)**  
**(AMENDED)**  
**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**FOR THE THREE AND SIX MONTH PERIODS ENDED SEPTEMBER 30, 2017 and 2016**  
(Unaudited - in Canadian dollars)

	Six Months	
	2017	2016
<b>Cash flows from operating activities</b>		
Net loss for the period	\$ (115,880)	\$ (146,033)
Adjustments not effecting cash:		
Amortization	-	394
Assignment	1	-
Shares issued for acquisition of Secret Barrel	40,000	-
Goodwill on acquisition of Secret Barrel	(7,810)	-
Changes in operating activities:		
Accounts receivable	(18,221)	(2,430)
GST/HST receivable	(3,336)	-
Loans and advances	(1,278)	-
Prepaid expense	(8,921)	140,515
Inventory	(35,509)	-
Accounts payable and accrued liabilities	(82,989)	-
Cash flows used in operating activities	(233,943)	(7,554)
<b>Cash flows from financing activities</b>		
Issuance of common shares, net of issuance costs	278,879	-
Issuable shares	5,600	-
Loan payable	94,100	-
Cash flows provided by financing activities	378,579	-
Net increase (decrease) in cash and cash equivalents	144,636	(7,554)
Cash and cash equivalents, beginning of period	9,841	12,924
Cash and cash equivalents, end of period	\$ 154,477	\$ 5,370

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

**SBD CAPITAL CORP. (FORMERLY WHITE PINE RESOURCES INC.)**

**(AMENDED)**

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE THREE AND SIX MONTH PERIODS ENDED SEPTEMBER 30, 2017 AND 2016**

(Unaudited - in Canadian dollars)

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**1. NATURE OF OPERATIONS AND GOING CONCERN**

SBD Capital Corp. (formerly White Pine Resources Inc., “the Company”) was incorporated under the Business Corporations Act (Ontario) on May 11, 1979. The Company was engaged in acquiring controlling interests in industrial companies in the manufacturing and distribution business. The Company's registered office is located at Suite 520, 65 Queen Street West, Toronto, Ontario, M5H 2M5.

These condensed interim consolidated financial statements have been prepared on a going concern basis, which assumes continuity of operations and realization of assets and settlement of liabilities in the normal course of business for the foreseeable future, which is at least, but not limited to, one year from September 30, 2017. These condensed interim consolidated financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and statement of financial position classifications that would be necessary were the going concern assumption inappropriate.

The current market conditions and volatility increase the uncertainty of the Company's ability to continue as a going concern given the need to both manage expenditures and to raise additional funds. The Company is experiencing, and has experienced, negative operating cash flows of \$233,943 (March 31, 2017 - \$7,554) for the six months ended September 30, 2017 and has a working capital surplus of \$143,639 at September 30, 2017 (March 31, 2017 - working capital deficit of \$198,151). The Company will continue to search for new or alternate sources of financing in order to continue development of its products but anticipates that the current market conditions may impact the ability to source such funds. These material uncertainties cast significant doubt on the Company's ability to continue as a going concern.

There can be no assurance that the Company will be able to continue to raise funds in which case the Company may be unable to meet its obligations. Should the Company be unable to realize on its assets and discharge its liabilities in the normal course of business, the net realizable value of its assets may be materially less than the amounts recorded on the condensed interim consolidated statement of financial position.

On July 25, 2017, the Company entered into a share exchange agreement with Secret Barrel Distillery (“Secret Barrel”) pursuant to which the Company has acquired from the Secret Barrel shareholders all of the issued and outstanding shares of Secret Barrel in exchange for 2,000,000 common shares in the capital of the Company and a working capital advance to Secret Barrel of \$175,000 (the “Acquisition”). Secret Barrel is a private company incorporated pursuant to the laws of Alberta. Upon completion of the Acquisition, Secret Barrel became a wholly owned subsidiary of the Company, see Note 6.

**2. BASIS OF PRESENTATION**

**Statement of Compliance**

The condensed interim unaudited consolidated financial statements have been prepared in accordance with International Accounting Standard 34, “Interim Financial Reporting” (“IAS 34”), as issued by the International Accounting Standards Board (“IASB”) and therefore, do not contain all disclosures required by International Financial Report Standards (“IFRS”) for annual financial statements.

The policies applied in these condensed interim unaudited consolidated financial statements are consistent with the policies disclosed in Notes 2 and 3 of the audited annual financial statements for the year ended March 31, 2017.

The condensed interim unaudited consolidated financial statements were authorized for issue by the Board of Directors on December 15, 2017.



**SBD CAPITAL CORP. (FORMERLY WHITE PINE RESOURCES INC.)**

**(AMENDED)**

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE THREE AND SIX MONTH PERIODS ENDED SEPTEMBER 30, 2017 AND 2016**

(Unaudited - in Canadian dollars)

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**Principles of Consolidation**

These condensed interim consolidated financial statements include the accounts of the Company and its wholly owned subsidiary, Secret Barrel. All significant intercompany balances and transactions have been eliminated on consolidation.

**3. SIGNIFICANT ACCOUNTING POLICIES**

**Revenue recognition**

Revenue is recognized, net of trade discounts and allowances, when a price is agreed upon, goods are shipped to customers, all significant contractual obligations have been satisfied, and collectability is reasonably assured.

**Inventory**

Inventory is valued at the lower of cost and net realizable value. Cost is determined by the first-in, first-out method. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and selling costs.

**Business Combinations**

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The excess of the cost of acquisition over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognized immediately in income. An acquisition is recorded on the date on which the Company obtains control of the acquired subsidiary or business. Acquisition related costs associated with business combinations are expensed as incurred.

**Goodwill**

Goodwill represents the excess of the purchase price over the fair value of net assets acquired and liabilities assumed in a business combination. Goodwill is not amortized but is reviewed for impairment at least annually. An impairment loss in respect of goodwill is not reversed in a subsequent period.

**Recent Accounting Pronouncements**

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods after March 31, 2017 or later periods. Many are not applicable or do not have a significant impact to the Company and have been excluded from the table below. The following has not yet been adopted and is being evaluated to determine the impact on the Company.

- (i) IFRS 9, Financial Instruments (“IFRS 9”) was issued by the IASB in November 2009 with additions in October 2010 and May 2013 and will replace IAS 39 Financial Instruments: Recognition and Measurement (“IAS 39”). IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. IFRS 9 is effective for annual periods beginning on or after January 1, 2018. Earlier adoption is permitted.
- (ii) IFRS 15 Revenue from Contracts with Customers - In May 2014, the IASB issued IFRS 15 “Revenue from Contracts with Customers” which replaces IAS 18 “Revenue,” IAS 11 “Construction Contracts,” and related interpretations. The standard is required to be adopted for fiscal years beginning on or after January 1, 2018, with earlier adoption permitted. IFRS 15 will be applied by the Corporation on January 1, 2018 and the Company is currently evaluating the impact of the standard on its financial statements.

**SBD CAPITAL CORP. (FORMERLY WHITE PINE RESOURCES INC.)****(AMENDED)****NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE THREE AND SIX MONTH PERIODS ENDED SEPTEMBER 30, 2017 AND 2016**

(Unaudited - in Canadian dollars)

(iii) IFRS 16 Leases - In January 2016, the IASB issued IFRS 16 “Leases”, which replaces IAS 17 “Leases”. For lessees applying IFRS 16, a single recognition and measurement model for leases would apply, with required recognition of assets and liabilities for most leases. The standard will come into effect for annual periods beginning on or after January 1, 2019, with earlier adoption permitted. The extent of the impact of adoption of this standard has not yet been determined.

**4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS****Business Combinations**

In a business combination, management makes estimates of the fair value of the assets acquired and liabilities assumed.

**5. INVENTORY**

The major components of inventory are classified as follows:

	September 30, 2017	March 31, 2017
Finished goods	33,341	-
Promotional items	2,168	-
Total	35,509	-

**6. ACQUISITIONS**

On July 25, 2017, the Company acquired all of the issued and outstanding shares of Secret Barrel. The acquired business was purchased for \$40,000, paid by the issuance of 2,000,000 common shares \$0.02 per share. The transaction was accounted for as business combination under IFRS 3 - “Business Combinations” as the transaction met the definition of a business acquisition.

The following table summarizes the transaction and the purchase price allocation:

Consideration paid	\$	40,000
Net assets acquired, at estimated fair value		-
Cash	\$	12,263
Net working capital items		(19,792)
Inventory		39,719
Goodwill		7,810
Consideration received	\$	40,000

From the date of acquisition to September 30, 2017, the acquisition of Secret Barrel contributed approximately \$18,506 of revenue and \$8,296 of loss to the Company. If the acquisition had been effective April 1, 2017, the Company would have realized an estimated \$26,175 of revenue and an estimated additional \$13,569 of loss.

At the time the condensed interim consolidated financial statements were authorized for issue, the Company had not yet completed the accounting for the above acquisition. In particular, the purchase allocations of the fair values of the assets acquired and consideration paid disclosed have only been determined provisionally as the valuations have not been finalized.

**SBD CAPITAL CORP. (FORMERLY WHITE PINE RESOURCES INC.)****(AMENDED)****NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE THREE AND SIX MONTH PERIODS ENDED SEPTEMBER 30, 2017 AND 2016**

(Unaudited - in Canadian dollars)

**7. EXPLORATION AND EVALUATION ASSETS**

The Company held an option agreement to earn up to 70% in a property. However, the Company had decided to let those claims lapse in 2012 as it was their decision not to further pursue the property and as a result, all costs associated with the property were written off to operations in fiscal 2012.

Property	Balance March 31, 2016 and 2017	Option & acquisition costs	Exploration	Disposition (Assignment)	Balance September 30, 2017
Lowland	\$ 1	\$ -	\$ -	\$ (1)	\$ -

**Lowland**

During the previous quarter, the Company assigned its interest in the Lowland property to a non-related party for \$nil proceeds. . **CAPITAL STOCK**

**(a) Common shares**

- Authorized capital** - Unlimited number of common shares  
 - Unlimited number of special shares  
 - 500,000 preference shares

	Number of shares	Amount
Balance, March 31, 2017 and 2016	678,971	\$ 34,738,846
Shares issued for debt settlement (i), (ii)	6,550,000	131,000
Issued for cash (iii), (iv)	14,000,000	280,000
Shares issued for acquisition of Secret Barrell (v)	2,000,000	40,000
Fair value on warrants Note 8(c)	-	(245,776)
Share issuance costs (iv)	-	(1,121)
<b>Balance, September 30, 2017</b>	<b>23,228,971</b>	<b>\$ 34,942,949</b>

On January 25, 2017, the Company executed the consolidation of the outstanding common shares on the basis of 50 existing common shares for one new common share. This resulted in a reduction of outstanding shares from 33,966,533 to 678,971. The 50 to 1 consolidation affected all of the Company's outstanding common shares as at the effective date; as a result, the prior year presentation in the financial statements has been restated.

(i) In July 2017, the Company settled an aggregate of \$8,000 of indebtedness through the issuance of 400,000 shares at a price of \$0.02 per share.

(ii) In August 2017, the Company settled an aggregate of \$123,000 of indebtedness through the issuance of an aggregate of 6,150,000 units of the Company. Each unit consist of one common share of the Company and one common share purchase warrant. Each warrant entitles the holder thereof to acquire one common share at a price of \$0.10 per a common share for a period of 36 months from the date of issuance.

(iii) In August 2017, the Company completed a non-brokered private placement through the issuance of 150,000 common shares at a price of \$0.02 per common share for gross proceeds of \$3,000.

**SBD CAPITAL CORP. (FORMERLY WHITE PINE RESOURCES INC.)****(AMENDED)****NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE THREE AND SIX MONTH PERIODS ENDED SEPTEMBER 30, 2017 AND 2016****(Unaudited - in Canadian dollars)**

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(iv) In August 2017, the Company completed a non-brokered private placement through the issuance of 13,850,000 units at a price of \$0.02 per unit for aggregate gross proceeds of \$277,000. Each unit consist of one common share of the Company and one common share purchase warrant. Each warrant entitles the holder thereof to acquire one common share at a price of \$0.10 per a common share for a period of 36 months from the date of issuance. In connection with this financing, the Company paid cash commissions of \$1,121.

(v) In August 2017, the Company issued 2,000,000 common shares at a price of \$0.02 per common share for the acquisition of Secret Barrel (see Note 6).

(vi) Issuable shares are for \$17,500 of funds for 875,000 shares, but the shares have not been issued.

**(b) Stock option plan and share-based compensation**

The Company has a stock option plan (the "Plan") under which it is authorized to grant stock options to acquire common shares to Directors, officers, employees and consultants. The aggregate number of common shares which may be issued and sold under the Plan will not exceed 10% of the aggregate number of common shares issued and outstanding from time to time. The current number of common shares reserved for issuance upon the exercise of options granted pursuant to the Plan is 2,322,897. The number of common shares which may be reserved for issue to any one individual under the Plan within any one year period shall not exceed 5% of the outstanding issue. The Board of Directors shall determine the exercise price of stock options issued, as applicable, based on the market price. The stock options are non-assignable and may be granted for a term not exceeding five years. Stock options issued under the Plan may vest at the discretion of the Board of Directors.

The following table summarizes information concerning the Company's stock options outstanding as at September 30, 2017:

	Number of Options	Weighted Average Exercise Price
Outstanding as at March 31, 2016	16,300	\$ 31.00
Expired	(16,300)	31.00
Outstanding as at March 31, 2017 and September 30, 2017	-	\$ -

The Company has no outstanding stock options at September 30, 2017.

**(c) Warrants**

The following table summarizes warrants that have been issued, exercised or have expired during the period ended September 30, 2017:

	Number of Warrants	Black-Scholes Value	Weighted Average Exercise Price
Balance, beginning	-	\$ -	\$ -
Issued (Note 7(a)(ii), (iv))	20,000,000	245,776	0.10
Balance, September 30, 2017	20,000,000	\$ 245,776	\$ 0.10

The fair value of warrants issued in the period ended September 30, 2017 of \$245,776 (September 30, 2016 - \$Nil) has been estimated using the Black-Scholes pricing model and this value has been disclosed as a separate component of shareholders' equity. The fair value of the warrants was estimated based on expected volatility of 149% and a risk-free rate of 1.27%.

At September 30, 2017, the following warrants were outstanding. The warrants entitle the holders to purchase the stated number of common shares at the exercise price on or before the expiry date:

**SBD CAPITAL CORP. (FORMERLY WHITE PINE RESOURCES INC.)****(AMENDED)****NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE THREE AND SIX MONTH PERIODS ENDED SEPTEMBER 30, 2017 AND 2016**

(Unaudited - in Canadian dollars)

<b>Warrants</b>	<b>Exercise Price</b>	<b>Fair Value</b>	<b>Expiry date</b>
20,000,000	\$ 0.10	\$ 245,776	August 16, 2020
20,000,000		\$ 245,776	

**9. RELATED PARTY TRANSACTIONS**

Related parties and related party transactions impacting the accompanying financial statements are summarized below and include transactions with the following individuals or entities:

Key management personnel:

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of executive and non-executive members of the Company's Board of Directors and corporate officers.

Remuneration attributed to key management personnel can be summarized as follows:

	<b>September 30, 2017</b>	September 30, 2016
Short-term benefits*	\$ 34,500	\$ 20,000
Legal fees were charged by a director	\$ -	\$ 26,033

\*includes base salaries pursuant to contractual employment, or consultancy arrangements. These have been recorded in consulting fees and management fees.

As at September 30, 2017, loans payable consist of \$Nil (March 31, 2017 - \$12,900) to companies controlled by officers and directors of the Company. The loans are non-interest bearing and have no specific terms of repayment.

As at September 30, 2017, the Company owes the former president of the Company for compensation \$Nil (March 31, 2017 - \$40,000) included in accounts payable. Also in accounts payable is \$26,555 (March 31, 2017 - \$18,080) to companies controlled by officers and directors of the Company.

**10. FINANCIAL RISK FACTORS**

The Company manages its exposure to a number of different financial risks arising from its operations as well as its use of financial instruments including market risks (commodity prices, foreign currency exchange rate and interest rate), credit risk and liquidity risk through its risk management strategy. The objective of the strategy is to support the delivery of the Company's financial targets while protecting its future financial security and flexibility.

Financial risks are primarily managed and monitored through operating and financing activities and, if required, through the use of derivative financial instruments. The financial risks are evaluated regularly with due consideration to changes in the key economic indicators and up-to-date market information.

**SBD CAPITAL CORP. (FORMERLY WHITE PINE RESOURCES INC.)**

**(AMENDED)**

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE THREE AND SIX MONTH PERIODS ENDED SEPTEMBER 30, 2017 AND 2016**

(Unaudited - in Canadian dollars)

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The Company's financial instruments consist of cash and cash equivalents, accounts receivable, loans and advances, accounts payable and accrued liabilities, and loans payable. The fair value of the Company's accounts receivables, loans and advances, accounts payable and accrued liabilities, and loans payable approximate their carrying value, due to their short-term maturities or ability of prompt liquidation. The Company's cash and cash equivalents are recorded at fair value, under the fair value hierarchy, based on level one quoted prices in active markets for identical assets or liabilities.

The Company is exposed in varying degrees to a variety of financial instrument related risks.

**Market Risk**

Market risk is the risk or uncertainty arising from possible market price movements and their impact on the future performance of the business. These market risks are evaluated by monitoring changes in key economic indicators and market information on an on-going basis.

a) Interest Rate Risk

The Company has cash balances, and is not at a significant risk to fluctuating interest rates. The Company's current policy is to invest excess cash in investment-grade short-term deposit certificates issued by its banking institutions. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its banks. As of September 30, 2017, the Company did not have any investments in investment-grade short-term deposit certificates.

b) Foreign currency risk

As at September 30, 2017, the Company's expenditures are predominantly in Canadian dollars, and any future equity raised is expected to be predominantly in Canadian dollars and therefore is not at a significant risk to fluctuating exchange risks.

**Liquidity Risk**

Liquidity risk encompasses the risk that a company cannot meet its financial obligations in full. The Company's main sources of liquidity is derived from its common stock issuances. These funds are primarily used to finance working capital, operating expenses, capital expenditures, and acquisitions.

The Company manages its liquidity risk by regularly monitoring its cash flows from operating activities and holding adequate amounts of cash and cash equivalents.

As at September 30, 2017, the Company held cash of \$154,477 (March 31, 2017 - \$9,841) to settle current liabilities of \$107,860 (March 31, 2017 - \$227,749). All of the Company's non-provision liabilities are due within the next fiscal year.

**Credit Risk**

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Financial instruments that potentially subject the Company to credit risk consist of cash and cash equivalents. The Company has reduced its credit risk by investing its cash equivalents with a Canadian chartered bank.

**SBD CAPITAL CORP. (FORMERLY WHITE PINE RESOURCES INC.)**

**(AMENDED)**

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE THREE AND SIX MONTH PERIODS ENDED SEPTEMBER 30, 2017 AND 2016**

(Unaudited - in Canadian dollars)

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**11. CAPITAL MANAGEMENT**

The Company defines capital management in the manner it manages its capital stock. As at September 30, 2017 the Company's capital stock was \$34,942,949 (March 31, 2017 - \$34,738,846).

There were no changes in the Company's approach to capital management during the period ended September 30, 2017 and the Company is not subject to any externally imposed capital requirements.

The Company's objectives when managing capital are:

- a) To safeguard the Company's financial capacity and liquidity for future earnings in order to continue to provide an appropriate return to shareholders and other stakeholders;
- b) To maintain a flexible capital structure which optimizes the cost of capital at an acceptable risk; and
- c) To enable the Company to maximize growth by meeting its capital expenditure budget, to expand its budget to accelerate projects, and to take advantage of acquisition opportunities.

The Company's capital structure includes components of shareholders' equity.

The Company regularly monitors and reviews the amount of capital in proportion to risk and future development and exploration opportunities. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may issue new debt or equity or similar instruments, reduce debt levels from, or make adjustments to, its capital expenditure program.

**12. BASIC AND DILUTED LOSS PER SHARE**

Basic loss per share has been calculated by dividing the net loss per the condensed interim consolidated financial statements by the weighted average number of shares outstanding during the year. The fully diluted loss per share would be calculated using a common share balance increased by the number of common shares that could be issued on the exercise of outstanding warrants and options of the Company. As the Company is in a loss position for the period ended September 30, 2017, this would be anti-dilutive.

**13. AMENDMENT TO INTERIM PERIOD ERRORS**

Subsequent to the filing of the September 30, 2017 condensed interim consolidated financial statements, it was determined that the Company had incorrectly included revenue from prior to the Acquisition and subsequent to September 30, 2017. The September 30, 2017 unaudited condensed interim consolidated financial statements have been amended to correct this error. The amendment of the condensed interim consolidated financial statements has no impact on the audited financial statements as at March 31, 2017 nor does it have any impact on the previously reported interim periods. Due to the correction of errors, the condensed interim consolidated statement of cash flows has also been amended. In addition, certain accounting policies have been added to Note 3.



**SBD CAPITAL CORP. (FORMERLY WHITE PINE RESOURCES INC.)****(AMENDED)****NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE THREE AND SIX MONTH PERIODS ENDED SEPTEMBER 30, 2017 AND 2016**

(Unaudited - in Canadian dollars)

The following table summarizes the effect of the amendment on the Company's previously reported condensed interim consolidated statement of financial position

<b>Condensed interim consolidated statement of financial position</b>	<b>September 30, 2017 as previously reported \$</b>	<b>Amendment \$</b>	<b>September 30, 2017 as Amended \$</b>
Cash	138,353	16,124	154,477
Accounts receivable	8,221	10,000	18,221
GST/HST receivable	43,093	(10,000)	33,093
Inventory	48,103	(12,594)	35,509
Accounts payable and accrued liabilities	(102,423)	(5,437)	(107,860)
Accumulated deficit	(45,007,714)	(1,907)	(45,009,621)

The following table summarizes the effect of the amendment on the Company's previously reported condensed interim consolidated statement of loss and comprehensive loss:

<b>Condensed interim consolidated statement loss and comprehensive loss</b>	<b>September 30, 2017 as previously reported \$</b>	<b>Amendment \$</b>	<b>September 30, 2017 as Amended \$</b>
Revenue	(27,271)	8,765	(18,506)
Office, general and administrative expenses (3 months ended September 30, 2017)	19,394	(6,858)	12,544
Office, general and administrative expenses (6 months ended September 30, 2017)	19,795	(6,858)	12,944
Cost of goods sold	484	4,042	4,526
Shipping, freight and delivery	4,526	(4,042)	484



**SCHEDULE D**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE SIX-MONTHS ENDED SEPTEMBER 30, 2017**

**SBD CAPITAL CORP. (FORMERLY WHITE PINE RESOURCES INC.)  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE THREE AND SIX MONTHS ENDED SEPTEMBER 30, 2017**

**NOTICE TO READER**

The attached management's discussion and analysis for the three and six month periods ended September 30, 2017 and 2016 is being refiled to correct the financial position of the Company as described in note 13 of the amended condensed interim consolidated financial statements.

**SBD CAPITAL CORP. (FORMERLY WHITE PINE RESOURCES INC.)  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE THREE AND SIX MONTHS ENDED SEPTEMBER 30, 2017**

The following management's discussion and analysis ("MD&A") is management's assessment of the results and financial condition of SBD Capital Corp. ("SBD" or the "Company") and should be read in conjunction with the unaudited condensed interim consolidated financial statements for the three and six months ended September 30, 2017 ("Q2 2018"), which have been prepared in accordance with International Financial Reporting Standards ("IFRS"). All dollar amounts are in Canadian dollars, unless otherwise noted. The date of this MD&A is December 15, 2017. SBD's most recent filings are available on the System for Electronic Document Analysis and Retrieval ("SEDAR") and can be accessed through the Internet at [www.sedar.com](http://www.sedar.com).

**1. DESCRIPTION OF BUSINESS**

SBD acquires controlling interests in industrial companies in the manufacturing and distribution business. During the three months ended September 30, 2017 the Company changed its name from White Pine Resources Inc. to SBD Capital Corp. The Company has made a listing application to the CSE.

**2. BUSINESS ACQUISITION ACTIVITIES**

**2.1 Secret Barrel Distillery Corporation**

During the three months ending September 30, 2017, the Company signed an agreement to acquire 100% of the outstanding shares of Secret Barrel Distillery Corporation ("Secret Barrel") in consideration of 2 million common shares of the Company and a working capital advance to Secret Barrel of \$175,000. As part of the transaction, the Company also completed a non-brokered private placement through the issuance of 150,000 common shares at a price of \$0.02 per common share for gross proceeds of \$3,000 and 13,850,000 units at a price of \$0.02 per unit for aggregate gross proceeds of \$277,000.

The Company also settled an aggregate of \$123,000 of indebtedness through the issuance of an aggregate of 6,150,000 units of the Company.

The Company is in the process of acquiring additional inventory and developing its marketing strategy for growing the business and increasing sales.

**3. MINERAL PROPERTY EXPENDITURES AND COMMITMENTS**

**3.1 Mineral Property Expenditures**

SBD's expenditures on mineral properties through the three months ended September 30, 2017 were as follows:

Mineral Property	Balance June 30, 2017	Option payments & acquisition costs	Exploration costs	Disposition (Assignment)	Balance September 30, 2017
<b>Lowland Property</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

The Company is no longer active in the pursuit of mineral exploration and is focused on acquiring controlling interests in industrial companies in the manufacturing and distribution business.

## 4. RESULTS OF OPERATIONS

	Three months ended September 30,		Six months ended September 30,	
	2017	2016	2017	2016
<b>Revenue</b>				
Sales of Product	\$ 18,506	-	\$ 18,506	-
<b>Direct Costs</b>				
Total Costs	(13,253)	-	(13,253)	-
Gross Profit	5,253	-	5,253	-
<b>Expenses</b>				
Management fees	\$ 19,500	-	\$ 34,500	-
Consulting fees	11,600	\$ 50,000	20,600	\$ 100,000
Professional fees	6,235	18,110	16,235	41,383
Office and administration	12,544	-	12,944	77
Amortization	-	197	-	394
Transfer agent fee	34,967	885	36,286	3,938
Interest and bank charges	394	120	567	241
	<b>85,240</b>	<b>69,312</b>	<b>121,132</b>	<b>146,033</b>
Loss for the quarter	<b>\$( 79,987)</b>	<b>\$( 69,312)</b>	<b>\$( 115,879)</b>	<b>\$( 146,033)</b>
Loss on disposal of asset	-	-	1	-
Net loss for the quarter	<b>\$( 79,987)</b>	<b>\$( 69,312)</b>	<b>\$( 115,880)</b>	<b>\$( 146,033)</b>
Net loss per share – Basic and fully diluted	<b>\$ (0.01)<sup>(1)</sup></b>	<b>\$ (0.10)<sup>(1)</sup></b>	<b>\$ (0.02)<sup>(1)</sup></b>	<b>\$ (0.22)<sup>(1)</sup></b>

(1) Fully diluted weighted average common shares outstanding, used in the calculation of fully diluted loss per share, are not reflective of the outstanding stock options and warrants at that time as their exercise would be anti-dilutive in the loss per share calculation.

### 4.1 Three Months Ended September 30, 2017

Results of operations for the three months ended September 30, 2017 resulted in a loss of \$79,987, compared to a loss of \$69,312 for the same period in prior year. The variance between the three-month periods is primarily due to the Company's costs consulting fees, legal and audit fees and transfer agent fees. The Company was active in acquiring Secret Barrel and listing on the CSE. The Company delisted its shares from trading on the TSXV in February 2016.

The Company is in the process of acquiring additional inventory and developing its marketing strategy for growing the business and increasing sales.

### 4.2 Six Months Ended September 30, 2017

Results of operations for the six months ended September 30, 2017 resulted in a loss of \$115,880, compared to a loss of \$146,033 for the same period in the prior year. The variance between the six-month periods is primarily due to the Company's costs consulting fees, legal and audit fees and transfer agent fees. The Company was active in acquiring Secret Barrel and listing on the CSE. The Company delisted its shares from trading on the TSXV in February 2016.

## 5. QUARTERLY FINANCIAL INFORMATION

The following is selected financial data from the quarterly interim consolidated financial statements of SBD for the last eight completed fiscal quarters ending September 30, 2017. This information should be read in conjunction with SBD's audited annual and unaudited interim consolidated financial statements for the periods below.

<b>Operations</b>	<b>Quarter Ended Sept. 30, 2017</b>	<b>Quarter Ended Jun. 30, 2017</b>	<b>Quarter Ended Mar. 31, 2017</b>	<b>Quarter Ended Dec. 31, 2016</b>
Revenue	\$18,506	-	-	-
Cost of Sales	\$13,253	-	-	-
General, administrative & amortization expenses	\$85,240	\$35,892	\$45,174	\$15,888
<b>Loss</b>	<b>\$(79,987)</b>	<b>\$(35,892)</b>	<b>\$(45,174)</b>	<b>\$(15,888)</b>
Loss on disposition of asset	-	1	-	-
<b>Net loss</b>	<b>\$(79,987)</b>	<b>\$(35,893)</b>	<b>\$(45,174)</b>	<b>\$(15,888)</b>
<b>Loss per share – Basic and fully diluted</b>	<b>\$(0.01)<sup>(1)</sup></b>	<b>\$(0.05)<sup>(1)</sup></b>	<b>\$(0.07)<sup>(1)</sup></b>	<b>\$(0.02)<sup>(1)</sup></b>
Cash	\$154,477	\$4,323	\$9,841	\$8,121
Other current assets	97,022	53,828	19,757	15,715
Other Assets	7,810	-	-	2,700
<b>Exploration and evaluation assets</b>	<b>-</b>	<b>-</b>	<b>1</b>	<b>1</b>
<b>Total Assets</b>	<b>\$259,309</b>	<b>\$58,151</b>	<b>\$29,599</b>	<b>\$26,537</b>

<b>Operations</b>	<b>Quarter Ended Sept. 30, 2016</b>	<b>Quarter Ended Jun. 30, 2016</b>	<b>Quarter Ended Mar. 31, 2016</b>	<b>Quarter Ended Dec. 31, 2015</b>
Revenue	-	-	-	-
Cost of Sales	-	-	-	-
General, administrative & amortization expenses	\$69,312	\$76,721	\$4,972	\$5,962
<b>Loss</b>	<b>\$(69,312)</b>	<b>\$(76,721)</b>	<b>\$(4,972)</b>	<b>\$(5,962)</b>
<b>Loss per share – Basic and fully diluted</b>	<b>\$(0.10)<sup>(1)</sup></b>	<b>\$(0.11)<sup>(1)</sup></b>	<b>\$(0.01)<sup>(1)</sup></b>	<b>\$(0.01)<sup>(1)</sup></b>
Cash	\$5,370	\$8,192	\$12,924	26,381
Other current assets	3,154	2,060	724	5,444
Other Assets	2,897	3,094	3,291	3,570
<b>Exploration and evaluation assets</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>
<b>Total Assets</b>	<b>\$11,422</b>	<b>\$13,347</b>	<b>\$16,940</b>	<b>\$35,396</b>

(1) Fully diluted weighted average common shares outstanding, used in the calculation of fully diluted net loss per share, are not reflective of the outstanding stock options and warrants at that time as their exercise would be anti-dilutive in the net loss per share calculation; and

Significant period to period fluctuations in loss are the result of SBD's decision to reduce operations to minimal levels in order to conserve the Company's cash resources. The increase in assets in the last quarter is due to the purchase of Secret Barrel and the subsequent financing.

## 6. FINANCIAL CONDITION

During the three months ended September 30, 2017, SBD's total assets increased to \$259,309 compared to \$29,599 at March 31, 2017 (a \$229,710 increase). This increase was primarily due to the \$280,000 share issuance during the quarter (see below for explanation for increase in cash).

SBD's cash increased to \$154,477 at September 30, 2017 from \$9,841 at March 31, 2017 (an increase of \$144,636). SBD financed its operating and investing activities from cash balances available from the previous year and a financing of \$280,000 in the quarter.

Based on the September 30, 2017 working capital position, SBD does not have sufficient cash to continue business operations. As a result, SBD is conserving its cash resources. When capital markets permit, SBD intends to obtain proceeds from additional equity financing to finance marketing and operational expenditures, as well as general and administrative expenditures; however, there can be no assurance that additional capital or other types of financing will be available or that, if available, the terms of such financing will be favourable to SBD.

## **7. LIQUIDITY AND CAPITAL RESOURCES**

Presently, SBD is wholly dependent on equity financing to complete the development of its marketing and operational activities (see Section 13.7 – Risks Factors). SBD does not expect to generate any significant revenues from operations in its next fiscal year.

SBD is dependent on external financing to fund its marketing and operational activities. In order to carry out further marketing and pay for general and administrative costs, SBD may spend its existing working capital and attempt to raise additional funds as needed. SBD will continue to assess other companies and seek to acquire interests in additional properties if it feels there is sufficient economic potential and if it has adequate financial resources to do so.

The ability of SBD to successfully acquire additional companies and proceed with marketing and operational activities on current companies is conditional on its ability to secure financing when required. SBD proposes to meet additional capital requirements through equity financing. In light of the continually changing financial markets, there is no assurance that new funding will be available at the times or in the amounts required or desired by SBD, or upon terms acceptable to SBD or at all.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of SBD, is reasonable. There were no changes in SBD's approach to capital management through three months ended September 30, 2017. SBD is not subject to externally imposed capital requirements.

SBD had no off-balance sheet arrangements at September 30, 2017.

The Company voluntarily delisted its common shares from the TSXV in February 2016. The Company believed that given market conditions, the minimal trading activity of the Company's common shares on the TSXV no longer justified the expense and administrative requirements associated with maintaining its listing. This determination was made after giving consideration to the available resources of the Company, the likelihood of being able to arrange for potential business transactions and financing, the ability of the Company to satisfy its outstanding obligations in the immediate future, and the extent of financial and other resources that will be required in order to fund future operations of the Company on a going forward basis.

The Company has filed for a listing on the CSE.

## **8. OUTLOOK AND FUTURE WORK**

Working capital from SBD's treasury, as available from time to time, may also be used to acquire other companies as opportunities and finances permit.

SBD intends to target, review and, if desirable, acquire and develop additional companies in order to augment and strengthen its current corporate portfolio. In conducting its search for additional companies, SBD may consider acquiring companies that it considers prospective based on criteria such as the sales history or location of the company, or a combination of these and other factors.

There is no assurance that SBD's funding initiatives will continue to be successful to fund its planned purchase, operational and marketing activities.

An investment in SBD's securities is speculative; see Section 13.7 – Risk Factors.

## 9. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

These unaudited condensed interim consolidated financial statements have been prepared using IFRS applicable to a going concern, which assumes continuity of operations and realization of assets and settlement of liabilities in the normal course of business. However, SBD is in an early stage and is subject to risks and challenges similar to companies in a comparable stage. As a result of these circumstances, there is significant doubt as to the appropriateness of the going concern presumption. There is no assurance that SBD's funding initiatives will continue to be successful and these financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and balance sheet classifications that would be necessary were the going concern assumption inappropriate. These adjustments could be material.

The preparation of these unaudited condensed interim consolidated financial statements in accordance with International Accounting Standard as issued by the International Accounting Standards Board ("IASB"), requires management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual outcomes could differ from these estimates. These unaudited condensed interim consolidated financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the unaudited condensed interim consolidated financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the statement of financial position reporting date, that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

- SBD assesses the carrying value of assets each reporting period to determine whether any indication of impairment exists. The calculation of recoverable amount requires the use of estimates and assumptions such as long-term market prices, discount rates, and operating performance;
- Due to the complexity and nature of SBD's operations, various legal and tax matters are outstanding from time to time. By their nature, contingencies will only be resolved when one or more future events occur or fail to occur. The assessment of contingencies inherently involves the exercise of significant judgment and estimates of the outcome of future events. In the opinion of management, these matters did not have a material effect on SBD's financial position or results of operations as at and for the three months ended September 30, 2017; and,
- Management's assessment of the going concern assumption requires judgment with respect to the funds to be available over the next twelve months.

## 10. SIGNIFICANT ACCOUNTING POLICIES

SBD's significant accounting policies are summarized in note 2 to the audited annual consolidated financial statements for the year ended March 31, 2017. SBD is in early stage and is subject to risks and challenges similar to companies in a comparable stage. The policies described below, and estimates related to them, have the most significant effect in preparation and presentation of SBD's consolidated financial statements.

### 10.1 *Share-Based Payment Transactions*

The grant date fair value of share-based payment awards granted to employees is recognized as an employee expense or capitalized to exploration and evaluation assets for grants to individuals working directly on mineral properties with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognized as an expense is based on the number of awards that do meet the related service and non-market performance conditions at the vesting date.

For share-based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes. Fair values of share-based payments (including stock options and warrants) are determined based on estimated fair values at the time of grant using the Black-Scholes option pricing model.

The fair value of the amount payable to employees in respect of share appreciation rights, which are settled in cash, is recognized as an expense with a corresponding increase in liabilities, over the period that the employees unconditionally become entitled to payment. The liability is remeasured at each reporting date and at settlement date. Any changes in the fair value of the liability are recognized as personnel expense in profit or loss.

Share-based payment arrangements in which SBD receives goods or services as consideration for its own equity instruments are accounted for as equity-settled share-based payment transactions, regardless of how the equity instruments are obtained by SBD.

## **11. ACCOUNTING ISSUES**

### **11.1 Management of Capital Risk**

The objective when managing capital is to safeguard SBD's ability to continue as a going concern, so that it can continue to provide adequate returns to shareholders, benefits to other stakeholders and to have sufficient funds on hand to meet its exploration and development plans to ensure the ongoing growth of the business.

SBD considers as capital its shareholders' equity and cash and equivalents. SBD manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust capital structure, SBD may issue new common shares through private placements, repurchase shares, sell assets, incur debt, or return capital to shareholders. SBD's working capital balance surplus at September 30, 2017 was \$143,639. SBD will require additional funds to carry out the marketing and operational plans. Actual funding requirements may vary from those planned due to a number of factors, including the progress of marketing and operational activities. Due to the cyclical nature of the industry, there is no guarantee that when SBD needs to raise capital, there will be access to funds at that time.

### **11.2 Management of Financial Risk**

SBD is exposed to various property and financial risks and assesses the impact and likelihood of this exposure. These risks include property risk, credit risk, liquidity risk, market risk and interest rate risk. Where material, these risks are reviewed and monitored by the Board of Directors and they are more fully described in note 10 of the financial statements for the year ended March 31, 2017.



## 12. OUTSTANDING SHARE DATA

### 12.1 Common Shares

On January 25, 2017, the Company executed the consolidation of the outstanding common shares on the basis of 50 existing common shares for one new common share. This resulted in a reduction of outstanding shares from 33,966,533 to 678,971. The 50 to 1 consolidation affected all of the Company's outstanding common shares as at the effective date; as a result, the prior year presentation in the financial statements has been restated.

	Number of Shares
<b>Common &amp; Fully diluted shares outstanding March 31, 2017 and June 30, 2017</b>	<b>678,971</b>
<b>Issued for cash</b>	<b>14,000,000</b>
<b>Issued for acquisition of Secret Barrel</b>	<b>2,000,000</b>
<b>Issued for debt settlement</b>	<b>6,550,000</b>
<b>Common &amp; fully diluted shares outstanding – September 30, 2017</b>	<b>23,228,971</b>

SBD has an authorized share capital consisting of an unlimited number of common shares, unlimited number of special shares and 500,000 preference shares.

### 12.2 Warrants

	Number of Warrants
<b>Warrants outstanding – March 31, 2017 and June 30, 2017</b>	<b>Nil</b>
<b>Warrants issued</b>	<b>20,000,000</b>
<b>Warrants outstanding – September 30, 2017</b>	<b>20,000,000</b>

Each warrant entitles the holder thereof to acquire one common share at a price of \$0.10 per a common share for a period of 36 months from the date of issuance.

### 12.3 Stock Options

SBD has a stock option plan (the "Plan") under which it is authorized to grant stock options to acquire common shares to Directors, officers, employees and consultants. The aggregate number of common shares which may be issued and sold under the Plan will not exceed 10% of the aggregate number of common shares issued and outstanding from time to time. The current number of common shares reserved for issuance upon the exercise of options granted pursuant to the Plan is 2,322,987. The number of common shares which may be reserved for issue to any one individual under the Plan within any one-year period shall not exceed 5% of the outstanding issue. The Board of Directors shall determine the exercise price of stock options issued, as applicable, based on the market price. The stock options are non-assignable and may be granted for a term not exceeding five years. Stock options issued under the Plan may vest at the discretion of the Board of Directors.

During the three months ended September 30, 2017, no stock options were granted. At September 30, 2017 and March 31, 2017, there were no stock options outstanding.

## **13. OTHER INFORMATION**

### **13.1 Contractual Commitments**

SBD has no contractual commitments, other than leases on offices entered into in the ordinary course of business.

### **13.2 Disclosure Control and Procedures**

SBD's Chief Executive Officer and Chief Financial Officer have evaluated the effectiveness of the design and operation of SBD's disclosure controls and procedures as at September 30, 2017. Based on this evaluation, the Chief Executive Officer and Chief Financial Officer have concluded that SBD's disclosure controls and procedures are effective to ensure that information required to be disclosed in reports filed or submitted by SBD under Canadian securities legislation is reported within the time periods specified in those rules.

### **13.3 Internal Control over Financial Reporting**

SBD's Chief Executive Officer and Chief Financial Officer are responsible for establishing and maintaining adequate internal control over financial reporting. Under the supervision of the Chief Financial Officer, SBD's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. There has been no change in SBD's internal control over financial reporting during the six months ended September 30, 2017 that has materially affected, or is reasonably likely to materially affect, SBD's internal control over financial reporting.

### **13.4 Limitations of Controls and Procedures**

SBD's Chief Executive Officer and Chief Financial Officer believe that any disclosure controls and procedures or internal controls over financial reporting, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, they cannot provide absolute assurance that all control issues and instances of fraud, if any, within SBD have been prevented or detected. These inherent limitations include the realities that judgments in decision making can be faulty, and that breakdowns can occur because of simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by unauthorized override of the control. The design of any systems of controls also is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Accordingly, because of the inherent limitations in a cost effective control system, misstatements due to error or fraud may occur and not be detected.

### **13.5 Corporate Governance**

SBD's Board of Directors follows corporate governance policies to ensure transparency and accountability to shareholders.

The Audit Committee fulfills its role of ensuring the integrity of the reported information through its review of the unaudited interim and audited annual consolidated financial statements prior to their submission to the Board of Directors for approval.

### **13.6 Related Party Transactions**

The related party transactions during the three months ended September 30, 2017 and 2016 are disclosed in note 9 of the notes to financial statements for the three months ended September 30, 2017.

### **13.7 Risk Factors**

SBD is in an early stage and is subject to the risks and challenges similar to other companies in a comparable stage. The risk factors set forth in SBD's MD&A for the year ended March 31, 2017, a copy of which is filed at SEDAR, could materially affect SBD's future operating results, the successful development of SBD's companies and could cause actual events to differ materially from those described in forward-looking statements relating to SBD.

## **14. FORWARD-LOOKING STATEMENTS**

This MD&A may contain forward-looking statements that are based on SBD's expectations, estimates and projections regarding its business and the economic environment in which it operates. These statements speak only as of the date on which they are made, are not guarantees of future performance and involve risks and uncertainties that are difficult to control or predict. Examples of some of the specific risks associated with the operations of SBD are set out above under "Risk Factors". Actual outcomes and results may differ materially from those expressed in these forward-looking statements and readers should not place undue reliance on such statements.

Certain information included in this MD&A may constitute forward-looking information within the meaning of securities laws. In some cases, forward-looking information can be identified by the use of terms such as "may", "will", "should", "expect", "believe", "plan", "scheduled", "intend", "estimate", "forecast", "predict", "potential", "continue", "anticipate" or other similar expressions concerning matters that are not historical facts. Forward-looking information may relate to management's future outlook and anticipated events or results, and may include statements or information regarding the future plans or prospects of SBD. Forward-looking statements are necessarily based upon a number of estimates and assumptions that, while considered reasonable by management, are inherently subject to significant business, economic and competitive uncertainties and contingencies. Although SBD believes that its expectations reflected in these forward-looking statements are reasonable, such statements involve risks and uncertainties and no assurance can be given that actual results will be consistent with these forward-looking statements.

Forward-looking information is inherently subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of SBD to be materially different from those expressed or implied by such forward-looking information, including but not limited to, risks related to SBD's goal of creating shareholder value; management's economic outlook regarding future trends; SBD's expected exploration budget and ability to meet its working capital needs at the current level in the short term (See "Liquidity and Capital Resources" and "Financial Conditions"); and expectations with respect to raising capital (See "Liquidity and Capital Resources").

Inherent in forward-looking statements are risks, uncertainties and other factors beyond SBD's ability to predict or control. These risks, uncertainties and other factors include, but are not limited to, changes in debt and equity markets, timing and availability of external financing on acceptable terms, increases in interest rate and exchange rate fluctuations, changes in economic and political conditions and other risks involved in the liquor industry, as well as those risk factors listed in the "Risk Factors" section above. Readers are cautioned that the foregoing list of factors is not exhaustive of the factors that may affect the forward-looking statements. Actual results and developments are likely to differ, and may differ materially, from those expressed or implied by the forward-looking statements contained in this MD&A. Such statements are based on a number of assumptions which may prove to be incorrect, including, but not limited to, assumptions about the following: the availability of financing for SBD's operations; operating and marketing; SBD's ability to retain and attract skilled staff; timing of the receipt of regulatory and governmental approvals; market competition; and general business and economic conditions.

For further discussion of certain risks and uncertainties that could contribute to a difference in results that those expressed in certain forward looking statements contained herein, please review those risks listed under the heading "Risks Factors" in this MD&A. Although SBD has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. Forward-looking statements are not guarantees of future performance and there can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements. These forward-looking statements are made as of the date hereof and SBD takes no responsibility to update them or to revise them to reflect new events or circumstances, except as required by law.

**SCHEDULE E**

**AUDITED FINANCIAL STATEMENTS OF SECRET BARREL  
FOR THE YEARS ENDED MARCH 31, 2017 AND 2016**

**Secret Barrel Distillery Corporation**  
**Financial Statements**  
*March 31, 2017 and 2016*  
*Expressed in Canadian Dollars*

## Independent Auditors' Report

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To the Shareholders of Secret Barrel Distillery Corporation

We have audited the accompanying financial statements of Secret Barrel Distillery Corporation (the "Company"), which comprise the statements of financial position as at March 31, 2017 and 2016, the statements of loss and other comprehensive loss, changes in shareholders' equity and cash flows for the year ended March 31, 2017 and the period from incorporation on May 21, 2015 to March 31, 2016, and notes, comprising a summary of significant accounting policies and other explanatory information.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditors' Responsibility*

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

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

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

### *Opinion*

In our opinion, the financial statements present fairly, in all material respects, the financial position of Secret Barrel Distillery Corporation as at March 31, 2017 and 2016 and its financial performance and its cash flows for the year ended March 31, 2017 and the period from incorporation on May 21, 2015 to March 31, 2016 in accordance with International Financial Reporting Standards.

Calgary, Alberta  
June 8, 2017

*MNP* LLP  
Chartered Professional Accountants

# Secret Barrel Distillery Corporation

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**Secret Barrel Distillery Corporation**  
**Statements of Financial Position**  
*(Expressed in Canadian Dollars)*

As at	March 31, 2017	March 31, 2016
<b>Assets</b>		
<b>Current</b>		
Cash and cash equivalents	6,145	2,290
Trade and other receivables	2,901	1,845
Inventory (Note 5)	41,151	49,422
Prepaid expenses and deposits	8,921	8,921
<b>Total assets</b>	<b>59,118</b>	<b>62,478</b>
 <b>Liabilities</b>		
<b>Current</b>		
Trade and other payables	6,135	2,103
<b>Total liabilities</b>	<b>6,135</b>	<b>2,103</b>
 <b>Shareholders' Equity (Deficiency)</b>		
Share capital (Note 6)	75,435	72,142
Deficit	(22,452)	(11,767)
<b>Total shareholders' equity</b>	<b>52,983</b>	<b>60,375</b>
<b>Total liabilities and shareholders' equity</b>	<b>59,118</b>	<b>62,478</b>

Approved on behalf of the Board of Directors

"Signed" Adam MacDonald  
Director

The accompanying notes are an integral part of these financial statements



## Secret Barrel Distillery Corporation Statements of Loss and Other Comprehensive Loss

*For the year ended March 31, 2017 and the period from incorporation on May 21, 2015 to March 31, 2016  
(Expressed in Canadian Dollars)*

	March 31, 2017	March 31, 2016
<b>Sales</b>	<b>51,875</b>	-
<b>Cost of sales</b> <i>(Note 11)</i>	<b>28,965</b>	-
<b>Gross Margin</b>	<b>22,910</b>	-
<b>Expenses</b>		
General and administrative	33,595	11,767
<b>Total Expenses</b>	<b>33,595</b>	11,767
<b>Loss before income taxes</b>	<b>(10,685)</b>	(11,767)
<b>Provision for (recovery of) income taxes</b>		
Current <i>(Note 10)</i>	-	-
<b>Loss and comprehensive loss</b>	<b>(10,685)</b>	(11,767)

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

## Secret Barrel Distillery Corporation Statements of Changes in Shareholders' Equity

*For the year ended March 31, 2017 and the period from incorporation on May 21, 2015 to March 31, 2016  
(Expressed in Canadian Dollars)*

	<i>Paid-In Capital</i>	<i>Deficit</i>	<i>Total Shareholders' Equity</i>
<b>Balance May 21, 2015</b>	-	-	-
Paid-in capital ( <i>Note 6</i> )	72,142	-	72,142
Net loss for the year	-	(11,767)	(11,767)
<b>Balance March 31, 2016</b>	<b>72,142</b>	<b>(11,767)</b>	<b>60,375</b>
Paid-in capital ( <i>Note 6</i> )	3,293	-	3,293
Net loss for the year	-	(10,685)	(10,685)
<b>Balance March 31, 2017</b>	<b>75,435</b>	<b>(22,452)</b>	<b>52,983</b>

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

# Secret Barrel Distillery Corporation

## Statements of Cash Flows

For the year ended March 31, 2017 and the period from incorporation on May 21, 2015 to March 31, 2016  
(Expressed in Canadian Dollars)

	March 31, 2017	March 31, 2016
<b>Cash provided by (used for) the following activities</b>		
<b>Operating activities</b>		
Loss and comprehensive loss	(10,685)	(11,767)
Changes in working capital accounts		
Inventory	8,271	(49,422)
Prepaid expenses and deposits	-	(8,921)
Trade and other receivables	(1,056)	(1,845)
Trade and other payables	4,032	2,103
<b>Cash provided by (used in) operating activities</b>	<b>562</b>	<b>(69,852)</b>
<b>Financing activities</b>		
Amounts received through paid-in capital (Note 6)	3,293	72,142
<b>Cash provided by financing activities</b>	<b>3,293</b>	<b>72,142</b>
<b>Increase in cash</b>	<b>3,855</b>	<b>2,290</b>
<b>Cash, beginning of year</b>	<b>2,290</b>	<b>-</b>
<b>Cash, end of year</b>	<b>6,145</b>	<b>2,290</b>

The accompanying notes are an integral part of these financial statements

# Secret Barrel Distillery Corporation

## Notes to the Financial Statements

For the year ended March 31, 2017 and the period from incorporation on May 21, 2015 to March 31, 2016  
(Expressed in Canadian Dollars)

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### 1. Incorporation and operations

Secret Barrel Distillery Corporation (the "Company") (formerly Pier 21 Distillery Corporation) was incorporated under the Business Corporations Act (Alberta) on May 21, 2015. The Company is based in Calgary, Alberta. The Company sells rum-based spirits to consumers across Alberta. The registered office of the Company is located at 1706 – 1188 3<sup>rd</sup> Street S.E., Calgary, Alberta, T2G 1H8.

The financial statements of the Company were approved for issuance by the Board on June 8, 2017.

For the year ended March 31, 2017, the Company had a loss and comprehensive loss of \$10,685 (period from incorporation on May 21, 2015 to March 31, 2016 – \$11,767) and as at March 31, 2017, the Company had accumulated deficit of \$22,452 (2016 – \$11,767). The Company is considered to be a development stage enterprise, as it is just starting to generate revenue from its planned operations. Similar to other development stage enterprises, the ability to execute its plans is dependent upon the ability of the Company to achieve and maintain profitable operations and positive cash flows. These financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the payment of liabilities in the ordinary course of business. These financial statements do not reflect the adjustments or reclassification of assets and liabilities which would be necessary if the Company were unable to continue its operations.

### 2. Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and interpretations adopted by the International Accounting Standards Board ("IASB"), and the interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"), in effect at April 1, 2016. These financial statements represent the Company's first financial statements prepared and the first financial statements prepared under IFRS for the year ended March 31, 2017 and period from incorporation on May 21, 2015 to March 31, 2016.

### 3. Basis of preparation

#### ***Basis of measurement***

The financial statements have been prepared on the historical basis except for certain items which are measured at fair value, as detailed in the significant accounting policies set out in Note 4.

#### ***Functional and presentation currency***

These financial statements are presented in Canadian dollars, which is the Company's functional currency.

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

The preparation of the Company's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the reporting date. However, uncertainties about these assumptions and estimates could result in outcomes that would require a material adjustment to the carrying amount of the asset or liability affected in the future.

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 revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

#### **Significant estimates and assumptions**

##### ***Deferred tax***

The calculation of deferred tax assets or liabilities are based on assumptions about the occurrence of, and timing of many taxable events and the enacted or substantively enacted rates anticipated to apply to income in the years in which temporary differences are expected to be realized or reversed.

# Secret Barrel Distillery Corporation

## Notes to the Financial Statements

For the year ended March 31, 2017 and the period from incorporation on May 21, 2015 to March 31, 2016  
(Expressed in Canadian Dollars)

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#### 4. Summary of significant accounting policies

##### ***Allowance for doubtful accounts***

The Company makes an allowance for doubtful accounts based on an assessment of the recoverability of receivables. Allowances are applied to receivables where events or changes in circumstances indicate that the carrying amounts may not be recoverable. Management specifically analyses historical bad debts, customer concentrations, customer creditworthiness, current economic trends and changes in customer payment terms when making a judgment to evaluate the adequacy of the allowance for doubtful receivables. Where the expectation is different from the original estimate, such difference will impact the carrying value of receivables.

The following principle accounting policies have been adopted in the preparation of these financial statements.

##### ***Revenue recognition***

Revenue is recognized, net of trade discounts and allowances, when a price is agreed upon, goods are shipped to customers, all significant contractual obligations have been satisfied, and collectability is reasonably assured.

##### ***Cash and cash equivalents***

Cash and cash equivalents comprise cash on hand and bank balances. Due to their current nature, they are subject to an insignificant risk of changes in value.

##### ***Inventory***

Inventory is valued at the lower of cost and net realizable value. Cost is determined by the first-in, first-out method. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and selling costs.

##### ***Fair value measurements***

The Company classifies fair value measurements recognized in the statements of financial position using a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value as follows:

- Level 1: Quoted prices (unadjusted) are available in active markets for identical assets or liabilities;
- Level 2: Inputs other than quoted prices in active markets that are observable for the asset or liability, either directly or indirectly; and,
- Level 3: Unobservable inputs in which there is little or no market data, which require the Company to develop its own assumptions.

Fair value measurements are classified in the fair value hierarchy based on the lowest level input that is significant to that fair value measurement. Cash and cash equivalents are recorded at fair value under level 1.

##### ***Taxes***

Taxation on the profit or loss for the year comprises of current and deferred tax.

Taxation is recognized in profit or loss except to the extent that the tax arises from a transaction or event which is recognized either in other comprehensive income or directly in equity, or a business combination.

##### ***Current tax***

Current tax expense is based on the results for the period as adjusted for items that are not taxable or not deductible. Current tax is calculated using tax rates and laws that were enacted or substantively enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. Provisions are established where appropriate on the basis of amounts expected to be paid to the tax authorities.

# Secret Barrel Distillery Corporation

## Notes to the Financial Statements

For the year ended March 31, 2017 and the period from incorporation on May 21, 2015 to March 31, 2016  
(Expressed in Canadian Dollars)

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#### 4. Summary of significant accounting policies (continued from previous page)

##### *Deferred tax*

Deferred taxes are calculated using the liability method on temporary differences between the carrying amounts of assets and liabilities and their tax bases. Deferred tax is not provided on the initial recognition of goodwill or on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit. Where an asset has no deductible or depreciable amount for income tax purposes, but has a deductible amount on sale or abandonment for capital gains purposes, the amount is included in the determination of temporary differences.

Deferred tax assets and liabilities are calculated at tax rates that are expected to apply to their respective period of realization, provided they are enacted or substantially enacted by the end of the reporting period.

Any changes in deferred tax assets or liabilities are recognized as part of tax expense or income in profit or loss, except where they relate to items that are recognized in other comprehensive income or directly in equity, in which case the related deferred tax is also recognized in other comprehensive income or equity, respectively.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

##### **Provisions**

A provision is recognized, if, as a result of a past event, the Company has a legal or constructive obligation that can be estimated reliably and it is probable that a future outflow of economic benefits will be required to settle the obligation. The timing or amount of the outflow may still be uncertain.

Provisions are measured by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and specific risks of the obligation. Where there are a number of obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. All provisions are reviewed at each reporting date and adjusted accordingly to reflect the current best estimate.

##### **Share Capital**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of shares are shown in equity as a deduction from the proceeds received.

##### **Financial instruments**

Financial assets can be classified as "fair value through profit or loss" ("FVTPL"), "loans and receivables", "available-for-sale" or "held-to-maturity". Financial liabilities can be classified as FVTPL or "other financial liabilities".

All financial instruments are initially measured at fair value plus transaction costs on initial recognition of the instrument with the exception of financial instruments classified at FVTPL, which are measured at fair value and any associated transaction costs are expensed as incurred.

Financial assets and liabilities are offset and the net amount is presented in the Statement of Financial Position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

The effective interest method is used to measure financial instruments carried at amortized cost and allocates interest over the relevant period. The effective interest rate is the rate that discounts estimated future cash flows (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums and discounts through the expected life of the instrument, to the net carrying amount on initial recognition.

##### *Financial assets at FVTPL*

Financial assets are classified as FVTPL when acquired principally for the purpose of trading, if so designated by management, or if they are derivative assets. Financial assets classified as FVTPL are measured at fair value, with changes recognized in the Statement of Loss and Other Comprehensive Loss.

The Company's FVTPL assets consist of cash and cash equivalents.

# Secret Barrel Distillery Corporation

## Notes to the Financial Statements

For the year ended March 31, 2017 and the period from incorporation on May 21, 2015 to March 31, 2016  
(Expressed in Canadian Dollars)

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#### 4. Summary of significant accounting policies (continued from previous page)

##### *Loans and receivables*

Financial assets that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Subsequent to initial recognition, loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses.

The Company's loans and receivables consist of trade and other receivables.

##### *Available-for-sale financial assets*

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale and that are not classified in any other category. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses, are recognized in other comprehensive income and presented within equity in the fair value reserve. When an available-for-sale financial asset is derecognized, the cumulative gain or loss in other comprehensive income is transferred to profit or loss.

The Company currently has no assets which are designated as available-for-sale.

##### *Held-to-maturity financial assets*

If the Company has the positive intent and ability to hold certain financial assets to maturity, then such financial assets are classified as held-to-maturity. Subsequent to initial recognition, they are measured at amortized cost using the effective interest method, less any impairment losses.

The Company does not have any held-to-maturity financial assets at the end of the year.

##### *Financial liabilities at FVTPL*

Financial liabilities are classified as FVTPL if they are designated as such by management, or they are derivatives. Financial liabilities classified as FVTPL are measured at fair value, with changes recognized in the Statement of Income Loss and Other Comprehensive Loss.

The Company does not have any financial liabilities at FVTPL at the end of the year.

##### *Other financial liabilities*

Other financial liabilities are financial liabilities that are not classified as FVTPL. Subsequent to initial recognition, other financial liabilities are measured at amortized cost using the effective interest method. Financial fees and other costs incurred in connection with debt financing are deducted from the cost of the debt and amortized using the effective interest method.

The Company's other financial liabilities consist of trade and other payables.

#### **Impairment of financial assets**

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

The Company considers evidence of impairment for receivables at both a specific asset and collective level. All individually significant receivables found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Receivables that are not individually significant are collectively assessed for impairment by grouping together receivables with similar risk characteristics.

In assessing collective impairment, the Company uses historical trends of the probability of default timing of recoveries and the amount of loss incurred, adjusted for management's judgment as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

# Secret Barrel Distillery Corporation

## Notes to the Financial Statements

For the year ended March 31, 2017 and the period from incorporation on May 21, 2015 to March 31, 2016  
(Expressed in Canadian Dollars)

#### 4. Summary of significant accounting policies (continued from previous page)

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognized in profit or loss and reflected in an allowance for doubtful accounts. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through the Statement of Loss and Comprehensive Loss.

##### **Standards issued but not yet effective**

The Company has not yet applied the following new standards, interpretations and amendments to standards that have been issued as at March 31, 2017 but are not yet effective. Unless otherwise stated, the Company does not plan to early adopt any of these new or amended standards and interpretations.

##### *IFRS 9 Financial instruments*

On November 12, 2009, the IASB issued IFRS 9, "Financial instruments" ("IFRS 9"), which will replace IAS 39 "Financial Instruments: Recognition and Measurement" ("IAS 39"). The standard is effective for annual periods beginning on or after January 1, 2018, with early adoption permitted. IFRS 9 applies to classification and measurement of financial assets as defined in IAS 39. The Company is still evaluating the impact the adoption of this standard will have on its financial statements.

##### *IFRS 15, "Revenue from contracts with customers"*

On May 28, 2014, the IASB issued IFRS 15, "Revenue from contracts with customers". IFRS 15 will replace existing standards and interpretations on revenue recognition. The standard is effective for annual periods beginning on or after January 1, 2018, with early adoption permitted. The standard outlines a single comprehensive model for entities for revenue recognition arising from contracts with customers. The Company is still evaluating the impact the adoption of this standard will have on its financial statements.

##### *IFRS 16 Leases*

On January 13, 2016, the IASB published a new standard, IFRS 16, "Leases". The new standard brings most leases on-balance sheet for lessees under a single model, eliminating the distinction between operating and finance leases. The standard is effective for annual periods beginning on or after January 1, 2019, with early application permitted but only if the entity is also applying IFRS 15, "Revenue from contracts with customers". Under the new standard, a lessee recognizes a right-of-use asset and a lease liability. The right-of-use asset is treated similarly to other non-financial assets and depreciated accordingly. The liability accrues interest. The Company is still evaluating the impact the adoption of this standard will have on its financial statements.

#### 5. Inventory

The major components of inventory are classified as follows:

	<b>March 31, 2017</b>	March 31, 2016
Finished goods	<b>38,983</b>	49,422
Promotional items	<b>2,168</b>	-
<b>Total</b>	<b>41,151</b>	49,422

During the year ended March 31, 2017, the cost of inventories recognized as an expense and included in cost of sales amounted to \$10,440 (2016 – \$nil).



# Secret Barrel Distillery Corporation

## Notes to the Financial Statements

For the year ended March 31, 2017 and the period from incorporation on May 21, 2015 to March 31, 2016  
(Expressed in Canadian Dollars)

### 6. Share capital

The Company is authorized to issue:

Unlimited number of Class "A" Common shares - Voting

#### Issued

	Paid-in capital (\$)
<b>Balance, May 21, 2015</b>	-
Paid-in capital during period	72,142
<b>Balance, March 31, 2016</b>	<b>72,142</b>
Paid-in capital during the year	3,293
<b>Balance, March 31, 2017</b>	<b>75,435</b>

### 7. Financial instruments

The Company as part of its operations carries a number of financial instruments. It is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from these financial instruments except as otherwise disclosed.

#### Credit risk

Credit risk is the risk of financial loss because a counter party to a financial instrument fails to discharge its contractual obligations and arises principally from the Company's trade and other receivables. The carrying value of financial assets represents the Company's maximum credit exposure.

The Company has a total receivables balance of \$2,901 at March 31, 2017 (2016 - \$1,845), which is comprised of amounts owed from the Alberta Gaming and Liquor Commission and GST receivable. As all receivables are owed from provincial or federal governments, no allowance for doubtful accounts is considered necessary.

The Company manages the credit exposure related to cash and cash equivalents by selecting counterparties based on credit ratings. The Company held cash of \$6,145 at March 31, 2017 (2016 - \$2,290) with banks and financial institutions with high credit ratings within Canada.

The following table sets forth details of accounts receivable and related allowance for doubtful accounts:

	March 31, 2017	March 31, 2016
Trade receivable		
Under 30 days aged	2,901	1,845
Allowance for doubtful accounts	-	-
<b>Total</b>	<b>2,901</b>	<b>1,845</b>

#### Interest rate risk

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. The Company is not exposed to interest rate risk as at March 31, 2017.

# Secret Barrel Distillery Corporation

## Notes to the Financial Statements

For the year ended March 31, 2017 and the period from incorporation on May 21, 2015 to March 31, 2016  
(Expressed in Canadian Dollars)

### 7. Financial instruments (continued from previous page)

#### Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivery of cash or another financial asset. The Company manages liquidity risk through cash flow forecasting. The Company is not exposed to liquidity risk as at March 31, 2017.

### 8. Fair value measurements

The fair values of cash and cash equivalents, trade and other receivables and trade and other payables approximate their carrying values due to the short-term nature of these instruments.

There were no transfers between level 1, 2 and 3 inputs during the year.

### 9. Capital management

The Company's current objective when managing capital is to increase the Company's capital through growth in earnings and to re-invest the earnings generated to facilitate the continued growth in the Company, in order to provide an appropriate rate of return to shareholders in relation to the risks underlying the Company's assets.

The Company sets the amount of capital in proportion to risk and manages the capital structure and makes adjustments to it in light of changes to economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt. The Company is not subject to any externally imposed capital requirements.

The Company manages the following as capital:

	March 31, 2017	March 31, 2016
Total shareholders' equity	52,983	60,375

### 10. Income taxes

The reconciliation of the Company's effective tax expense is as follows:

	March 31, 2017	March 31, 2016
Loss before income tax	(10,685)	(11,766)
Tax rate	27%	27%
Anticipated income tax recovery	(2,885)	(3,177)
Increase resulting from:		
Change in deferred tax assets not recognized	2,540	2,842
Non-deductible expenses	345	335
<b>Income tax expense</b>	-	-

# Secret Barrel Distillery Corporation

## Notes to the Financial Statements

For the year ended March 31, 2017 and the period from incorporation on May 21, 2015 to March 31, 2016  
(Expressed in Canadian Dollars)

### 10. Income taxes (continued from previous page)

Details of the unrecognized deductible temporary differences are as follows:

	March 31, 2017	March 31, 2016
Non-capital losses carried forward	19,933	10,527
<b>Unrecognized deductible temporary differences</b>	-	-

The Company has non-capital losses at March 31, 2017 totaling \$19,933 which begin to expire in 2036.

### 11. Cost of sales

	2017
<b>Cost of sales</b>	
AGLC mark-up	12,755
Purchases (Note 5)	10,440
Federal excise duty	4,337
Direct costs	1,198
Deposit and recycling fees	235
	<b>28,965</b>