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**ROCKSHIELD CAPITAL CORP.**

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
FOR THE THREE MONTHS ENDED  
FEBRUARY 28, 2017

*(Unaudited - Expressed in Canadian Dollars)*

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

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

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

The Company's auditors have not performed a review of these condensed consolidated interim financial statements in accordance with the standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor.

**ROCKSHIELD CAPITAL CORP.**  
**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION**  
*(Unaudited - Expressed in Canadian Dollars)*

	Note	February 28, 2017 \$	November 30, 2016 \$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash		2,069,192	701,987
Amounts receivable		14,376	6,989
GST receivable		4,782	2,100
Prepaid expenses		2,625	5,250
Investments	4	<u>6,902,475</u>	<u>5,141,954</u>
<b>Total current assets</b>		<u>8,993,450</u>	<u>5,858,280</u>
<b>Non-current assets</b>			
Investment in and advances to associated company	5	<u>1,102,404</u>	<u>999,454</u>
<b>Total non-current assets</b>		<u>1,102,404</u>	<u>999,454</u>
<b>TOTAL ASSETS</b>		<u>10,095,854</u>	<u>6,857,734</u>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Accounts payable and accrued liabilities	7	<u>54,100</u>	<u>20,088</u>
<b>TOTAL LIABILITIES</b>		<u>54,100</u>	<u>20,088</u>
<b>SHAREHOLDERS' EQUITY</b>			
Share capital	6	25,226,795	25,226,795
Share-based payments reserve		3,525,049	3,525,049
Deficit		<u>(18,710,090)</u>	<u>(21,914,198)</u>
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<u>10,041,754</u>	<u>6,837,646</u>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<u>10,095,854</u>	<u>6,857,734</u>

**Nature of Operations** - Note 1

**Event after the Reporting Period** - Note 10

These condensed consolidated interim financial statements were approved for issue by the Board of Directors on May 1, 2017 and are signed on its behalf by:

/s/ Dave Doherty  
 Dave Doherty  
 Director

/s/ Nick DeMare  
 Nick DeMare  
 Director

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

**ROCKSHIELD CAPITAL CORP.**  
**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF COMPREHENSIVE INCOME (LOSS)**  
*(Unaudited - Expressed in Canadian Dollars)*

	Note	Three Months Ended	
		February 28, 2017 \$	February 29, 2016 \$
<b>Expenses</b>			
Accounting and administration	7	10,136	13,526
Audit fees		32,500	20,000
Foreign value added tax		-	357
General and administrative expenses		3,563	11,550
Officer and director compensation	7	39,371	53,909
Professional fees		650	1,544
Regulatory fees		1,611	1,545
Rent		-	4,756
Salaries and benefits		-	19,321
Shareholder communications		149	-
Telephone, website and internet costs		2,453	2,980
Transfer agent		821	1,313
Travel and related		417	2,399
		<u>91,671</u>	<u>133,200</u>
<b>Loss before other items</b>		<u>(91,671)</u>	<u>(133,200)</u>
<b>Other items</b>			
Realized gain (loss) on sale of investments	3	1,216,734	(30,346)
Unrealized gain (loss) on investments held	4	1,973,367	(783,138)
Equity gain in associated company	4	66,091	39,452
Interest income		39,689	21,600
Foreign exchange loss		(102)	(216)
		<u>3,295,779</u>	<u>(752,648)</u>
<b>Net income (loss) and comprehensive income (loss) for the period</b>		<u>3,204,108</u>	<u>(885,848)</u>
<b>Income (loss) per share - basic and diluted</b>		<u>\$0.07</u>	<u>\$(0.02)</u>
<b>Weighted average number of common shares outstanding - basic and diluted</b>		<u>45,527,855</u>	<u>45,527,855</u>

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

**ROCKSHIELD CAPITAL CORP.**  
**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN EQUITY**  
*(Unaudited - Expressed in Canadian Dollars)*

<b>Three Months Ended February 28, 2017</b>					
<b>Share Capital</b>		<b>Share-Based Payments Reserve \$</b>	<b>Deficit \$</b>	<b>Total Equity \$</b>	
<b>Number of Shares</b>	<b>Amount \$</b>				
<b>Balance at November 30, 2016</b>	45,527,855	25,226,795	3,525,049	(21,914,198)	6,837,646
Net income for the period	-	-	-	3,204,108	3,204,108
<b>Balance at February 28, 2017</b>	<u>45,527,855</u>	<u>25,226,795</u>	<u>3,525,049</u>	<u>(18,710,090)</u>	<u>10,041,754</u>

<b>Three Months Ended February 29, 2016</b>					
<b>Share Capital</b>		<b>Share-Based Payments Reserve \$</b>	<b>Deficit \$</b>	<b>Total Equity \$</b>	
<b>Number of Shares</b>	<b>Amount \$</b>				
<b>Balance at November 30, 2015</b>	45,527,855	25,226,795	3,525,049	(22,361,869)	6,389,975
Net loss for the period	-	-	-	(885,848)	(885,848)
<b>Balance at February 29, 2016</b>	<u>45,527,855</u>	<u>25,226,795</u>	<u>3,525,049</u>	<u>(23,247,717)</u>	<u>5,504,127</u>

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

**ROCKSHIELD CAPITAL CORP.**  
**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS**  
*(Unaudited - Expressed in Canadian Dollars)*

	<b>Three Months Ended</b>	
	<b>February 28, 2017 \$</b>	<b>February 29, 2016 \$</b>
<b>Operating activities</b>		
Net income (loss) for the period	3,204,108	(885,848)
Adjustments for:		
Realized (gain) loss on sale of investments	(1,216,734)	30,346
Unrealized (gain) loss on investments held	(1,973,367)	783,138
Equity gain in associated company	(66,091)	(39,452)
Interest income	(36,859)	(14,582)
Changes in non-cash working capital items:		
Amounts receivable	(7,387)	119
GST receivable	(2,682)	(2,559)
Prepaid expenses	2,625	1,250
Accounts payable and accrued liabilities	34,012	(45,780)
<b>Net cash used in operating activities</b>	<b>(62,375)</b>	<b>(173,368)</b>
<b>Investing activities</b>		
Proceeds from sale of investments	2,060,874	102,347
Investment purchases	(631,294)	(270,733)
<b>Net cash used in investing activities</b>	<b>1,429,580</b>	<b>(168,386)</b>
<b>Net change in cash</b>	<b>1,367,205</b>	<b>(341,754)</b>
<b>Cash at beginning of period</b>	<b>701,987</b>	<b>2,039,722</b>
<b>Cash at end of period</b>	<b>2,069,192</b>	<b>1,697,968</b>
<b>Cash comprises:</b>		
Cash	1,426,113	166,877
Demand deposits	643,079	1,531,091
	<b>2,069,192</b>	<b>1,697,968</b>

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

**ROCKSHIELD CAPITAL CORP.**  
**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**FOR THE THREE MONTHS ENDED FEBRUARY 28, 2017**  
*(Unaudited - Expressed in Canadian Dollars)*

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**1. Nature of Operations**

The Company's common shares trade on the Canadian Securities Exchange ("CSE") under the trading symbol "RKS". The Company's principal office is located at #1305 - 1090 West Georgia Street, Vancouver, British Columbia, V6E 3V7.

Historically, the Company has been a mineral exploration company. On May 6, 2014 the Company announced its intention to become a diversified company and carried on business both as an investment company and a resource company. During fiscal 2015 the Company determined to discontinue the application process on its remaining mineral exploration property, the Pelaya Project. At this time the Company conducts business primarily as an investment company.

**2. Basis of Preparation**

*Statement of Compliance*

These condensed consolidated interim financial statements have been prepared using accounting policies consistent with International Financial Reporting Standards ("IFRS"), and in accordance with International Accounting Standards ("IAS") 34, Interim Financial Reporting, as issued by the International Accounting Standards Board ("IASB"). These condensed consolidated interim financial statements should be read in conjunction with the audited consolidated financial statements for the year ended November 30, 2016, which have been prepared in accordance with IFRS as issued by the IASB. The accounting policies followed in these condensed consolidated interim financial statements are consistent with those applied in the Company's audited financial statements for the year ended November 30, 2016.

*Basis of Measurement*

The Company's condensed consolidated interim financial statements have been prepared on the historical cost basis except for the revaluation of certain financial assets and financial liabilities to fair value. These condensed consolidated interim financial statements are presented in Canadian dollars unless otherwise noted.

**3. Subsidiaries**

The subsidiaries of the Company are as follows:

<u>Company</u>	<u>Location of Incorporation</u>	<u>Ownership Interest</u>
Rockshield Plywood Corp. ("Rockshield Plywood")	Canada	100%
Pelaya Copper Corporation ("Pelaya Copper") (inactive)	Canada	100%
Rockshield Colombia S.A.S. (inactive)	Colombia	100%

**4. Investments**

The Company's investments in marketable securities include common shares and other equity instruments of Canadian and U.S. companies that are listed on various Canadian stock exchanges or the OTCQB. The majority of the marketable securities instruments are shares of companies in the mining, oil and gas, media technology and medical technology industries.

Management has designated its investments in common shares and warrants of publicly traded companies as "investments in equity instruments" with the change in fair value recognized in profit or loss. The carrying values of the common shares have been directly referenced to published price quotations in an active market. The carrying values of the warrants are valued at fair value using the Black-Scholes option pricing model.

During the three months ended February 28, 2017 the Company sold investments for proceeds of \$2,060,874 (2016 - \$102,347) and recognized a realized gain of \$1,216,734 (2016 - loss of \$30,346). The Company also recorded an unrealized gain of \$1,973,367 (2016 - unrealized loss of \$783,138) on investments held at February 28, 2017.

**ROCKSHIELD CAPITAL CORP.**  
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**5. Investment in and Advances to Associated Company**

In fiscal 2014 the Company, together with a third-party industry management and investment group, identified a business opportunity in northern Ontario, Canada, to purchase the assets of a previously operating hardwood plywood mill. The mill went into bankruptcy in May 2014 and the Company and the third party group worked to purchase the key mill equipment to enable operations to resume. As at November 30, 2014 the Company had advanced or incurred \$1,240,935 in deposits, equipment and costs towards its investment in the newly formed company, Rockshield Engineered Wood Products ULC ("REWP"). During fiscal 2015 the Company incurred \$240,972 additional amounts on behalf of REWP and advanced a total of \$400,000 to REWP. On February 18, 2015 REWP issued 2,076,079 Class A common shares, representing an initial 59.32% ownership, for \$1,500,000, and an initial note for the principal amount of \$381,907 to the Company. During fiscal 2015, additional advances were made by the Company and REWP issued additional notes for \$216,596.

Although the Company owned an initial 59.32% interest in REWP upon its initial capitalization the Company held a minority position on the Board of REWP and did not control operational decisions. Furthermore, REWP subsequently completed a number of equity financings which have diluted the Company's ownership interest in REWP to 33.72% as at February 28, 2017 and February 29, 2016. The Company anticipates that it will receive distributions of net income and the Company also anticipates to realize proceeds from the ultimate disposition of its ownership interest in REWP. The Company's judgment is that it has significant influence, but not control of REWP. Accordingly the investment in REWP is accounted for under the equity method. During the three months ended February 28, 2017 the Company recognized a \$66,091 (2016 - \$39,452) equity gain in REWP.

The notes bear interest at an interest rate of 18% per annum, compounded monthly. During the three months ended February 28, 2017 the Company recorded \$36,859 (2016 - \$10,772) of interest income attributed to the notes. The notes are due and payable within 30 days from the date that the Company demands payment.

As at February 28, 2017 and November 30, 2016 the Company's investment in and advances to REWP are as follows:

	February 28, 2017 \$	November 30, 2016 \$
Investment in REWP		
Common shares owned	1,500,000	1,500,000
Accumulated equity loss in REWP	(1,817,226)	(1,883,316)
Accumulated equity gain on REWP share issuances	575,837	575,837
	<u>258,611</u>	<u>192,521</u>
Notes issued by REWP		
Principal amounts	598,503	598,503
Accrued interest	245,290	208,430
	<u>843,793</u>	<u>806,933</u>
	<u>1,102,404</u>	<u>999,454</u>

REWP's aggregate assets and aggregate liabilities are as follows:

	March 5, 2017 \$	January 1, 2017 \$
Current assets	6,030,000	5,079,000
Non-current assets	3,373,000	3,426,000
Current liabilities	7,388,000	7,455,000
Non-current liabilities	1,249,000	479,000



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**5. Investment in and Advances to Associated Company** (continued)

For the period from January 2, 2017 to March 4, 2017, REWP's revenues were \$6,255,000 (January 4, 2016 to March 6, 2016 - \$6,294,000) and total comprehensive income was \$196,000 (January 4, 2016 to March 6, 2016 - \$117,000).

See also Note 10.

**6. Share Capital**

(a) *Authorized Share Capital*

The Company's authorized share capital consisted of an unlimited number of common shares without par value. All issued common shares are fully paid.

(b) *Equity Financings*

No financings were conducted by the Company during the three months ended February 28, 2017 or during fiscal 2016.

(c) *Warrants*

A summary of the number of common shares reserved pursuant to the Company's outstanding warrants at February 28, 2017 and February 29, 2016 and the changes for the three months ended on those dates is as follows:

	2017		2016	
	Number	Weighted Average Exercise Price \$	Number	Weighted Average Exercise Price \$
Balance, beginning and end of period	<u>15,000,000</u>	0.11	<u>15,847,059</u>	0.11

The following table summarizes information about the number of common shares reserved pursuant to the Company's warrants outstanding and exercisable at February 28, 2017:

Number	Exercise Price \$	Expiry Date
13,352,947	0.11	June 20, 2017
<u>1,647,053</u>	0.11	July 10, 2017
<u>15,000,000</u>		

(d) *Share Option Plan*

On October 24, 2016 a fixed share option plan (the "Fixed Share Option Plan") was approved by the Company's Board of directors and later ratified by the Company's shareholders. The Fixed Share Option Plan replaced the rolling share option plan (the "Rolling Share Option Plan") which was in place. Under the Fixed Share Option Plan a total of 4,552,785 common shares have been reserved for issuance. The minimum exercise price of the options is set at the Company's closing share price on the day before the grant date, less allowable discounts. Options granted may be subject to vesting provisions as determined by the Board of directors and have a maximum term of ten years.

During the three months ended February 28, 2017 and February 29, 2016 the Company did not grant any share options under the Fixed Share Option Plan or the Rolling Share Option Plan.

**ROCKSHIELD CAPITAL CORP.**  
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**6. Share Capital (continued)**

A summary of the Company's share options at February 28, 2017 and February 29, 2016 and the changes for the three months ended on those dates, is as follows:

	<u>2017</u>		<u>2018</u>	
	Number of Options Outstanding	Weighted Average Exercise Price \$	Number of Options Outstanding	Weighted Average Exercise Price \$
Balance, beginning and end of period	<u>-</u>	-	<u>635,000</u>	1.46

(e) DSU Plan

On October 24, 2016 the DSU Plan was also approved by the Company's Board of directors and subsequently ratified by the Company's shareholders. Under the DSU Plan, an eligible participant may elect to receive DSUs up to 100% of his or her annual base compensation. In addition, the Board may award additional DSUs to the participant. The maximum number of DSUs that may be granted pursuant to the DSU Plan is 4,552,785 DSUs. As at February 28, 2017, no DSUs have been granted.

**7. Related Party Disclosures**

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 consists of members of the Company's Board of Directors and executive officers.

(i) During the three months ended February 28, 2017 and February 29, 2016 the following compensation amounts were incurred with key management personnel:

	<u>2017</u> \$	<u>2016</u> \$
Frank Taggart	7,500	20,638
Dave Doherty	13,871	10,771
Nick DeMare	7,500	7,500
Marc Cernovitch	7,500	7,500
Luke Norman	<u>3,000</u>	<u>7,500</u>
	<u>39,371</u>	<u>53,909</u>

During the three months ended February 28, 2017 \$39,371 (2016 - \$53,909) of the above amounts was expensed to officer and director compensation. As at February 28, 2017, \$15,000 (November 30, 2016 - \$7,000) remained unpaid and has been included in accounts payable and accrued liabilities.

(ii) During the three months ended February 28, 2017 the Company incurred a total of \$8,250 (2016 - \$11,500) by Chase Management Ltd. ("Chase"), a private corporation owned by Mr. DeMare, for accounting and administration services provided by Chase personnel, excluding Mr. DeMare. As at February 28, 2017, \$7,500 (November 30, 2016 - \$5,750) remained unpaid and has been included in accounts payable and accrued liabilities.

(iii) During the three months ended February 29, 2016 the Company was billed \$4,756 by Mr. Taggart for office rent.

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**8. Segmented Information**

Information on reportable segments is as follows:

	February 28, 2017			
	Corporate \$	Investments \$	Investment in and Advances to Associated Company \$	Total \$
Interest and other income	2,829	-	36,860	39,689
Gain on sale of investments	-	1,216,734	-	1,216,734
Unrealized gain on investments	-	1,973,367	-	1,973,367
Equity gain in associated company	-	-	66,091	66,091
Segment profit	(88,944)	3,190,101	102,951	3,204,108
Segment assets	2,090,975	6,902,475	1,102,404	10,095,854

  

	November 30, 2016			
	Corporate \$	Investments \$	Investment in and Advances to Associated Company \$	Total \$
Interest and other income	26,464	28,000	121,904	176,368
Loss on sale of investments	-	(201,866)	-	(201,866)
Unrealized gain on investments	-	1,103,219	-	1,103,219
Equity loss in associated company	-	-	(210,776)	(210,776)
Segment profit (loss)	(392,810)	929,353	(88,872)	447,671
Segment assets	716,326	5,141,954	999,454	6,857,734

**9. Financial Instruments and Risk Management**

*Categories of Financial Assets and Financial Liabilities*

Financial instruments are classified into one of the following categories: FVTPL; held-to-maturity investments; loans and receivables; available-for-sale; and other financial liabilities. The carrying values of the Company's financial instruments are classified into the following categories:

Financial Instrument	Category	February 28, 2017 \$	November 30, 2016 \$
Cash	FVTPL	2,069,192	701,987
Amounts receivable	Loans and receivables	14,376	6,989
Investments	FVTPL	6,902,475	5,141,954
Advances	Loans and receivables	843,793	806,933
Accounts payable and accrued liabilities	Other financial liabilities	(54,100)	(20,088)

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

*Fair Value*

The fair values of the Company's financial assets and liabilities approximates the carrying amounts either due to their short-term nature or because the interest rates applied to measure their carrying amount approximate current market rates.

**ROCKSHIELD CAPITAL CORP.**  
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**9. Financial Instruments and Risk Management (continued)**

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- Level 1 - Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 - Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 - Inputs that are not based on observable market data.

The following is an analysis of the Company's financial assets measured at fair value as at February 28, 2017 and November 30, 2016:

	February 28, 2017		
	Level 1 \$	Level 2 \$	Level 3 \$
Cash	2,069,192	-	-
Investments	<u>5,481,413</u>	<u>1,421,062</u>	<u>-</u>
	<u>7,550,605</u>	<u>1,421,062</u>	<u>-</u>
	November 30, 2016		
	Level 1 \$	Level 2 \$	Level 3 \$
Cash	701,987	-	-
Investments	<u>4,991,974</u>	<u>149,980</u>	<u>-</u>
	<u>5,693,961</u>	<u>149,980</u>	<u>-</u>

*Credit Risk*

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash and amounts receivable. Management believes that the credit risk concentration with respect to financial instruments included in cash and amounts receivable is remote.

*Liquidity Risk*

Liquidity risk is the risk that the Company will not have the resources to meet its obligations as they fall due. The Company manages this risk by closely monitoring cash forecasts and managing resources to ensure that it will have sufficient liquidity to meet its obligations. All of the Company's financial liabilities are classified as current and are anticipated to mature within the next fiscal period. The following table is based on the contractual maturity dates of financial assets and the earliest date on which the Company can be required to settle financial liabilities.

	Contractual Maturity Analysis at February 28, 2017				
	Less than 3 Months \$	3 - 12 Months \$	1 - 5 Years \$	Over 5 Years \$	Total \$
Cash	2,069,192	-	-	-	2,069,192
Amounts receivable	14,376	-	-	-	14,376
Investments	6,902,475	-	-	-	6,902,475
Investment in and advances to associated company	-	-	1,102,404	-	1,102,404
Accounts payable and accrued liabilities	(54,100)	-	-	-	(54,100)

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**9. Financial Instruments and Risk Management (continued)**

	Contractual Maturity Analysis at November 30, 2016				
	Less than 3 Months \$	3 - 12 Months \$	1 - 5 Years \$	Over 5 Years \$	Total \$
Cash	701,987	-	-	-	701,987
Amounts receivable	6,989	-	-	-	6,989
Investments	5,141,954	-	-	-	5,141,954
Investment in and advances to associated company	-	-	999,454	-	999,454
Accounts payable and accrued liabilities	(20,088)	-	-	-	(20,088)

*Market Risk*

Market risk is the risk of loss that may arise from changes in market factors such as interest rates and commodity and equity prices. These fluctuations may be significant.

(a) Interest Rate Risk

The Company is exposed to interest rate risk to the extent that the cash and demand deposits bear floating rates of interest. The interest rate risk on cash and on the Company's obligations are not considered significant.

(b) Equity Price Risk

The Company holds investments in publicly traded equity securities. Market prices for equity securities are subject to fluctuation and consequently the amount realized in the subsequent sale of an investment may significantly differ from the reported market value.

(c) Concentration Risk

As at February 28, 2017, \$3,252,332 of the Company's portfolio of investments was held in one company. This investment represents 47% of the Company's investment portfolio and poor performance in the market price of this investment could adversely affect the Company's results.

*Capital Management*

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support its investment and resource activities. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. The Company defines capital that it manages as share capital. The Company will continue to assess new investment and property acquisition opportunities as opportunities arise and if it has adequate financial resources to do so. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

There have been no changes to the Company's approach to capital management during the three months ended February 28, 2017. The Company is not subject to any externally imposed capital requirements.

**10. Event after the Reporting Period**

On March 17, 2017 the Company advanced \$300,000 and received a promissory note (the "CAPEX Note") issued by REWP. The CAPEX Note bears interest at a rate of 18% per annum, compounded monthly and is due on September 15, 2017. The Company will have a first priority lien on certain assets of REWP as security. The Company also may convert the CAPEX Note at the rate of one common share of REWP per \$0.36 of principal and interest outstanding.