

**CANADIAN MINING CORP.**

Canadian Mining Corp. wishes to have its Common shares listed on the TSX Venture Exchange

*No securities regulatory authority or the TSV Venture Exchange has expressed an opinion about the securities which are the subject of this application.*

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## GLOSSARY OF TERMS

In this Application and the Schedules hereto (the "**Listing Application**") the following terms shall have the respective meanings set out below. Words importing the singular number shall include the plural and vice versa. In the event of a conflict between the term defined in the glossary and a term defined in the TSX Venture Exchange (the "**Exchange**") Policy Manual, the Exchange definition will govern.

"**Arrangement**" means an arrangement under section 288 to 299 of the BC Act on the terms and conditions set forth in the Arrangement Agreement and the Plan of Arrangement and any amendment or variation thereto made in accordance with the terms of the Arrangement Agreement, the Plan of Arrangement or made at the direction of the Court in the Final Order.

"**Arrangement Shares**" means the Canadian Mining Shares by way of Plan of Arrangement whereby each of Canadian Zeolite's shareholders will be entitled to shares in Canadian Mining.

"**Arrangement Agreement**" means the arrangement agreement dated February 17, 2017 between Canadian Zeolite and Canadian Mining Corp., as may be amended from time to time.

"**Arrangement Resolution**" means the special resolution of the Canadian Zeolite Securityholders to approve the Arrangement in form and content.

"**Associate**" has the meaning ascribed to it by Exchange Corporate Finance Manual Policy 1.1.

"**BC Act**" means the *Business Corporations Act* (British Columbia), as amended, superseded or replaced from time to time, prior to the Effective Date.

"**Bullard Pass Property**" means the group of 22 unpatented claims totalling 454 acres located 25 miles west of Wickenburg, Arizona which are owned by Canadian Mining Corp.

"**Business Day**" means a day which is not a Saturday, Sunday or a day when commercial banks are not open for business in Vancouver, British Columbia.

"**Canadian Mining**" means Canadian Mining Corp., a wholly owned subsidiary of Canadian Zeolite Corp. incorporated under the laws of British Columbia.

"**Canadian Mining Board**" means the board of directors of Canadian Mining Corp.

"**Canadian Mining Company of Arizona**" means Canadian Mining Company of Arizona Inc., a wholly owned subsidiary of Canadian Mining Corp. incorporated under the laws of Arizona.

"**Canadian Mining Shares**" means common shares in the capital of Canadian Mining and "Canadian Mining Share" means each such share.

"**Canadian Zeolite**" means Canadian Zeolite Corp., a company existing under the laws of the Province of British Columbia. Currently, Canadian Mining Corp. is wholly owned subsidiary of Canadian Zeolite Corp.

"**Canadian Zeolite Securities**" means collectively, the Canadian Zeolite Shares, and the Canadian Zeolite Warrants.

"**Canadian Zeolite Securityholders**" means the registered and beneficial Canadian Zeolite Shareholders, the registered and the beneficial Canadian Zeolite Warrantholders.

"**Canadian Zeolite Shareholders**" means the registered holders of Canadian Zeolite Shares and "Canadian Zeolite Shareholder" means any one of them.

"**Canadian Zeolite Shares**" means the common shares in the capital of Canadian Zeolite and "**Canadian Share**" means each such share.

"**Canadian Zeolite Warrant Exercise Price**" means the exercise price of the Canadian Zeolite Warrants.

"**Canadian Zeolite Warrantholders**" means the holders of Canadian Zeolite Warrants and "Canadian Zeolite Warrantholder" means any one of them.

"**Concurrent Financing**" means the non-brokered private placement offering of Units.

**“Concurrent Financing Warrant”** means a warrant issued pursuant to the Concurrent Financing exercisable into one (1) Canadian Mining Share at a price of \$0.25 per Canadian Mining Share at any time on or before the first anniversary of the Canadian Mining Listing Date, subject to an acceleration of the expiry date. See “Concurrent Financing”.

**“Court”** means the Supreme Court of British Columbia.

**“Effective Date”** means the date that is five Business Days after the last of the conditions precedent to the completion of the Arrangement have been satisfied or waived, or such earlier or later date as is agreed to by the parties.

**“Exchange”** means the TSX Venture Exchange.

**“Final Order”** means the final order of the Court approving the Arrangement as such order may be amended by the Court at any time prior to the Effective Date or, if appealed, then, unless such appeal is withdrawn or dismissed, as affirmed or as amended on appeal.

**“Order”** means a cease trade order, an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation that was in effect for a period of more than 30 consecutive days.

**“Plan of Arrangement”** means the plan of arrangement made pursuant to the Arrangement Agreement.

**“Share Exchange Record Date”** means May 23<sup>rd</sup>, 2017 the date established by Canadian Zeolite for the purpose of determining (i) the Canadian Zeolite Shareholders entitled to receive New Canadian Zeolite Common Shares, and Canadian Mining Shares; (ii) the Canadian Zeolite Warrantholders who are entitled to receive Canadian Zeolite Amended Warrants and Canadian Mining Warrants and (iii) the Canadian Zeolite Optionholders who are entitled to receive Canadian Zeolite Amended Options under the Arrangement.

**“Vend-In Agreement”** means the vend-in agreement between Canadian Zeolite Corp. and Canadian Mining Corp. dated February 17, 2017.

**“Working Capital”** means current assets minus current liabilities.

### ITEM 3: SUMMARY

*The following is a summary of the principal features of Canadian Mining Corp. and should be read together with the more detailed information and financial data and statement contained elsewhere in this Listing Application.*

#### Principal business of the issuer and its subsidiaries

Canadian Mining is currently a subsidiary of Canadian Zeolite. Pursuant to the Arrangement Agreement, Canadian Mining and Canadian Zeolite will effect an arrangement which will result in the spin-out of Canadian Mining to Canadian Zeolite Shareholders. After completion of the Arrangement, Canadian Mining Shares will be tradeable on the Exchange. The business of Canadian Mining following completion of the Arrangement will be the exploration and development of the Bullard Pass Property located in Arizona, Nevada of which Canadian Mining Company of Arizona currently holds claims ("Bullard Pass Property"). The Bullard Pass Property currently consists of 22 unpatented claims in three distinct blocks totalling 454 acres located in Yavapai County, Arizona, USA.

#### Use of Proceeds

Canadian Mining intends to use the funds available from the Concurrent Financing (as defined within) for the following purposes. The table below assumes that Canadian Mining raises the minimum net proceeds pursuant to the Concurrent Financing. Canadian Mining plans to expend these funds on exploration over a period of approximately 18 months following completion of the financing:

Purpose	Amount
Transaction Costs (Plan of Arrangement and TSX-V Listing)	100,000
Bullard Pass Property	375,000
General & administrative expenses	137,000
Unallocated working capital	38,000
<b>Total</b>	<b>650,000</b>

Due to the nature of the mining industry, budgets are regularly reviewed with respect to the success of expenditures and other opportunities that become available to Canadian Mining. Accordingly, while it is currently intended by management of Canadian Mining that the available funds will be expended as set forth above, actual expenditures may in fact differ from these amounts and allocations.

Upon completion of the Arrangement and the Concurrent Financing assuming minimum net proceeds of \$650,000 are raised, Canadian Mining will have working capital of approximately \$413,000. Canadian Mining intends to use part of these funds to further develop the assets through mineral exploration, for general and administrative expenses, for general working capital purposes and to seek a listing of the Canadian Mining Shares on the Exchange.

#### Financial Information

The following table sets out selected financial information in respect of Canadian Mining's business as if the Arrangement and the Concurrent Financing had been completed as of the year ended June 30, 2016 and the interim period ended December 31, 2016 and should be considered in conjunction with the more complete information contained in the financial statements of Canadian Mining's business attached as Schedule "B" to this Circular. Unless otherwise indicated, all currency amounts are stated in Canadian dollars.

	Six Months December 31, 2016	Year Ended June 30, 2016	Year Ended June 30 2015
	\$ (unaudited)	\$ (audited)	\$ (audited)
Total assets .....	16,243	11,533	6,886
Mineral properties & deferred cost.....	16,243	11,533	6,886
Working capital/(deficit) .....	(23,458)	(11,433)	(6,786)

	<b>Six Months December 31, 2016</b>	<b>Year Ended June 30, 2016</b>	<b>Year Ended June 30 2015</b>
	<b>\$ (unaudited)</b>	<b>\$ (audited)</b>	<b>\$ (audited)</b>
Long term financial liabilities.....	Nil	Nil	Nil
Total revenues .....	Nil	Nil	Nil
General & administration expenses .....	2,500	Nil	Nil
Net income/(loss).....	(7,315)	Nil	Nil
Loss per common share – basic & diluted .....	(73.15)	0.00	0.00

### **Risk Factors**

There are certain risk associated with the securities and the business of Canadian Mining that should be considered including the following: failure to obtain necessary approvals for the completion of the Arrangement, failure to close the concurrent financing, exploration and mining risks, financing risks, regulatory requirements, uninsurable risks, permits and licenses, competition, environmental regulations, fluctuating price and currency, reliance on key individuals, no reserves, conflict of interest, potential market for securities, and stage of development. Please refer to discussion under the heading “Risk Factors” for further information about the risk factors.

## ITEM 4: CORPORATE STRUCTURE

Canadian Mining Corp. (“Canadian Mining”) was incorporated under the British Columbia *Business Corporations Act* on April 26, 2013. The head office as well as the registered and records office of Canadian Mining is located at Suite 1400, 1111 West Georgia Street, Vancouver, BC, V6E 4M3.

### Inter-Corporate Relationships

Through a Vend-In Agreement executed on February 17, 2017, between Canadian Zeolite and Canadian Mining, Canadian Mining Company of Arizona Inc. (“Canadian Mining Company of Arizona”) will become a wholly-owned subsidiary of Canadian Mining. Canadian Zeolite agreed to vend-into Canadian Mining all of the issued and outstanding common shares of Canadian Mining Company Arizona Inc., the subsidiary which holds the claims to the Bullard Pass Property. In exchange for such shares, Canadian Mining agreed to issue to Canadian Zeolite such number of common shares as is equal to the Canadian Zeolite’s issued and outstanding common shares as of the Share Exchange Record Date divided by five (5). Such Canadian Mining shares will then be distributed to the Canadian Zeolite’s Shareholders pursuant to the Arrangement.

## ITEM 5: DESCRIPTION OF THE BUSINESS

### Summary

The business of Canadian Mining following completion of the Arrangement will be the exploration and development of the Bullard Pass Property located in Arizona, Nevada of which Canadian Mining Company of Arizona currently holds claims (“Bullard Pass Property”). The Bullard Pass Property currently consists of 22 unpatented claims in three distinct blocks totalling 454 acres located in Yavapai County, Arizona, USA which comprise the Bullard Pass Property.

### Milestones and Recent History

Canadian Mining was incorporated on April 26, 2013.

On February 9, 2016, Canadian Mining changed its name from Canadian Zeolite Corp. to Canadian Mining Company Inc.

On February 17, 2017 Canadian Zeolite and Canadian Mining entered into a Vend-In Agreement whereby Canadian Zeolite agreed to vend into Canadian Mining all of the issued and outstanding common shares of Canadian Mining Arizona, the subsidiary which holds the claims to the Bullard Pass Property. In exchange for such shares, Canadian Mining issued to the Canadian Zeolite such number of common shares as is equal to the Canadian Zeolite’s issued and outstanding common shares as of the Share Exchange Record Date divided by five (5). Such Canadian Mining shares will then be distributed to Canadian Zeolite’s Shareholders pursuant to the Arrangement, as attached as Schedule “C”.

On March 20, 2017 Canadian Mining changed its name from Canadian Mining Company Inc. to Canadian Mining Corp.

### Mineral Properties

Canadian Zeolite requested that Patrick O’Hara, Ph.D. provide an independent Qualified Persons’ Review and Technical Report at the Bullard Pass Property (the “**Bullard Pass Technical Report**”). The following disclosure has been excerpted and summarized from the Bullard Pass Technical Report. A copy of the report is available on the SEDAR website at [www.sedar.com](http://www.sedar.com) under the Canadian Zeolite profile. Readers are encouraged to review the Bullard Pass Technical Report for further information on the Bullard Pass Property. All scientific and technical information set out in this “*Mineral Properties*” section has been prepared by, under the supervision of or approved by Patrick F. O’Hara, Ph.D., an independent contractor and Qualified Person as such term is defined under National Instrument 43-101.

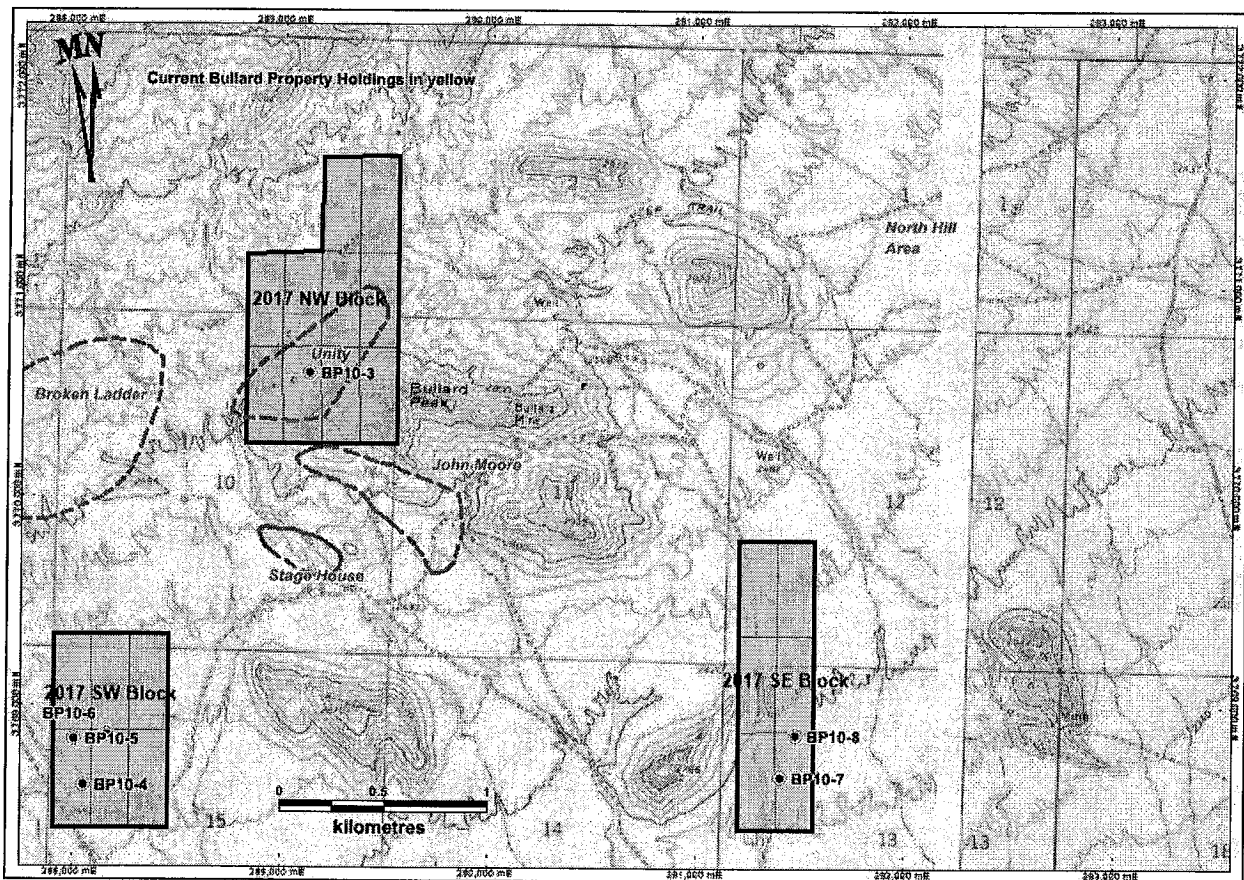


## Bullard Pass Property

### *Project Descriptions and Locations*

The Bullard Pass Property is located in west-central Arizona within the Pierce Mining District in Yavapai County. It is easily accessible with paved highways leading to numerous dirt road access points which lead throughout the Property. Canadian Zeolite holds a total of 22 unpatented claims covering an area of 454 acres located in three separate blocks as set out in the figure below. The obligation to maintain unpatented federal mining claims is the annual assessment fee, currently standing at \$155 per claim. The fee is due annually and have been paid to maintain the claims until September 1, 2017. The surface rights on the unpatented claims are held by the Federal Government. Once mining is planned on the state mineral rights, a separate mining permit is required with a negotiated royalty based on market conditions at the time the permit is issued. A drill permit is required to conduct any drilling on the claim group. No environmental analysis has been completed on the Bullard Pass Property, therefore it is not known whether environmental liabilities exist at this time.

## Bullard Pass Mineral District Geology



### *History*

The history of the Bullard District and hence the Bullard Pass Property is largely divided by the recognition of the Bullard Fault as large displacement, low angle normal fault, a displacement fault, in the mid to late 1980's. Prior exploration was centered largely on the Bullard Mine patents themselves until 1978, with exploration occasionally

spilling off the patents onto the surrounding ground. Subsequent to 1978, the patents and the surrounding area were explored several times for gold mineralization. However very little exploration took place on the three current claim blocks.

#### *Geological Setting, Mineralization and Deposit Types*

The Bullard (Pierce) mining district is located on the southern edge of the Harcuvar metamorphic core complex which is associated with Tertiary zone of extension in a north-south zone in the western United States. This tectonic framework is present in western and west-central Arizona. Two sequences of rock separated by a detachment fault characterize this tectonic environment. Lower plate rocks (below the detachment fault) are generally composed of variably mylonitized crystalline rocks ranging from Proterozoic to Mesozoic in age. Above the detachment fault (upper plate rocks) are usually composed of severely tilted Tertiary volcanic and sedimentary rocks plus basement rocks, locally. The Bullard detachment fault is a portion of the regional Buckskin-Rawhide-Bullard detachment fault in west central Arizona and strikes approximately N55-60E and with a moderate dip to the south. Other than erosional remnants and occasional outcrop near the trace of the Bullard detachment fault, the area of exploration interest for Canadian Mining is covered with Quaternary gravels.

The Bullard pass property has not been mapped. The geology map of the Bullard Pass Mineral District (Spencer and Reynolds, 1992) is shown in Figure 4 of NI 430191 Technical Report on the Bullard Pass Property. The three claims blocks were staked to cover the down dip extension on the Bullard detachment fault. The two southern blocks are for the most part underlain by the Quaternary Surficial deposits.

The target mineralization on the Bullard Pass property is detachment fault hosted gold within the Bullard Pass Detachment Fault. The mineralization is typically located at depth along the down dip extension of these regional detachment faults. Mineralization on the present Bullard Pass property is suspected based on multi-element anomalies located through statistical analysis of the enzyme leach soil survey data.

During the mid1970's a new tectonic model and associated mineralization model was developed for the Basin and Range Province in central and western Arizona. Metamorphic core complexes were proposed to explain the uplift of hot basement rocks in an extensional regime. Associated with this uplift major low angle faults formed at the top of a mylonitic surface at the ductile-brittle deformation boundary. These major faults were termed detachment faults, where pre-tectonic rock units lying above the detachment fault (upper plate) were transported and rotated to present day positions with shallow to steep dips of bedding and locally overturned bedding. During the 1980's and early 90's many areas in the core complex terrain of Arizona were explored for mineralization using the detachment model and the concepts were extended northward through western United States from Arizona to Idaho.

#### *Exploration*

Canadian Mining Company of Arizona Inc. acquired 171 unpatented federal lode claims over the Bullard Pass property during the first half of 2007. After a series of exploration programs: lithogeochemical sampling, orientation, Phase I and Phase II enzyme leach soil sampling and diamond drilling Canadian Mining Company of Arizona eventually reduced the property to the current 22 claims to reduce holding costs.

Eight lithogeochemical samples were collected during 2007 and 2008 on the Bullard Pass Project. The samples were chip samples over a specified channel length or a rectangular area approximating average composition of the outcrop. Analysis was performed at Skyline Assayers and Laboratories in Tucson, Arizona, an ISO/IEC 17025:2005 accredited facility. All samples were analyzed for gold using Fire Assay with an AA finish. In addition, they received aqua regia digestion ICP analysis for the 47 elements in the Skyline multi-element package.

Two stages of enzyme leach soil geochemistry were subsequently completed. A 120 metre by 120 metre property wide Phase I enzyme leach soil grid was completed in the spring of 2007. While a total of 938 samples were taken, only 87 lie within the current three blocks as shown in Figure 8 of NI 430191 Technical Report on the Bullard Pass Property. Subsequently, three smaller detailed 60 metre by 60 metre grids were completed as Phase II over key anomalous areas. Of 936 samples taken, only 382 were taken within the current three blocks. The Enzyme Leach soil samples are blind soil samples taken at regular grid intervals so the samples can be considered both representative and unbiased.

The Phase I soil program results indicated that precious metal, base metal, and hydrothermal element anomalies with geologically reasonable patterns were present in the soils over both the pediment gravels and over exposed Tertiary volcanic rocks. The geostatistical treatment of the data yielded three areas for Phase II follow up.

The Phase II soil program followed up the Phase I results. A suite of eleven elements previously determined to be associated with hydrothermal mineralization in the Bullard Pass area were treated using proprietary statistical methods to create a set of elemental contour maps for each grid.

The NW Block overlies near vertically dipping Tertiary volcanic rocks above the Bullard detachment fault. A variety of quartz and quartz-carbonate veins crop out, with quartz-carbonate veins are observed in outcrops in the southwest corner. The proposed disseminated mineralization target in this area is structurally controlled at the intersection of the Bullard detachment fault and potential high angle upper plate faults. O'Hara identified anomalies within the grid for diamond drilling follow-up, resulting in the subsequent drilling of one hole.

The SW Block contains no outcrops and is completely covered by Quaternary gravels. O'Hara felt his proprietary statistical treatment of the elemental data identified potential northwest trending faults and the potential presence of northeast-trending mineralized fractures or fault sets. This resulted in the subsequent drilling of three diamond drill holes.

The SE Block is entirely covered by Quaternary gravels. Geologic mapping indicates that known northwest-trending structures, one of which is known to be mineralized, project into this area. Hypothesized north-south trending faults projected from the North Hill area, and northeast trending structures based on weak geomorphologic evidence are interpreted to intersect in the area covered by the SE Block. O'Hara identified proprietary anomalies within the grid for diamond drilling follow-up, resulting in the subsequent drilling of two holes.

### *Drilling*

A drill program consisting of 8 HQ Diamond drill holes was undertaken between February 26 and April 26, 2010. Six of the holes lie within the current three blocks labelled as drill holes BP 10-3 through BP 10-8. The relationship between sample length and true thickness is unknown at this time. The orientation of the mineralization is also unknown at this time.

Hole BP10-3 contained three five foot intercepts of >100 ppb gold the highest of which is five feet of 785 ppb. Five other intercepts that are 2.5 to 46 feet thick have gold averaging from 28 ppb to 402 ppb. 57% of the samples throughout the entire hole have detectable gold. Fifteen intercepts from five to forty feet thick contain detectable gold. Copper as copper oxides average 128 ppm throughout the hole with the top 100 feet averaging 454 ppm copper.

BP10-4 through BP10-6 were drilled through a thick sequence of Quaternary gravels in the Southwest target area. These holes contain anomalous arsenic, barium, manganese, lead and zinc locally. BP10-4 contained eleven intercepts ranging from five to fifteen feet thick with detectable gold. BP-5 intercepted eighteen five to twenty foot-thick intercepts with detectable gold. BP10-6 contained seven intercepts ranging from five to ten feet thick with detectable gold and one five-foot intercept with 66 ppb gold.

Drill holes BP10-7 and BP10-8 tested gold enzyme leach annular and apical anomalies in the Access Road target area. BP-7 intercepted sixteen five to thirty foot-thick intercepts with detectable gold and one five foot intercept with 45 ppb gold.

BP10-8 contained seven intercepts ranging from five to thirty-five feet thick with detectable gold plus one one-hundred and eight-foot intercept with 26 ppb gold, and a 4.1 foot intercept with 48 ppb gold.

### *Sampling Preparation, Analysis and Security*

All samples whether collected by Mr. O'Hara or geological crew members under the supervision of Mr. O'Hara followed a rigorous sampling protocol to remove external contamination from personal jewelry, sampling instruments, and collection technique. All samples were collected at each site, where an initial pit was used to dry wash sampling



## ITEM 6: FINANCINGS

### Available Funds and Principal Purposes

#### Funds Available

The following sets out Canadian Mining's funds anticipated to be available following the completion of the Arrangement and full subscription of the Concurrent Financing.

<u>Source</u>	<u>Amount</u>
Working Capital	\$ Nil
Net Proceeds from Non-brokered Private Placement	\$650,000
<b>Total Funds Available</b>	<b>\$650,000</b>

#### Principal Purposes of Funds

Canadian Mining intends to use the funds available from the Concurrent Financing for the following purposes. The table assumes that Canadian Mining raises the minimum net proceeds pursuant to the Concurrent Financing. Canadian Mining plans to expend these funds on exploration over a period of approximately 18 months following completion of the financing:

<u>Purpose</u>	<u>Amount</u>
Transaction costs	100,000
Bullard Pass Property	375,000
General & administrative expenses	137,000
Unallocated working capital	38,000
<b>Total</b>	<b>650,000</b>

Due to the nature of the mining industry, budgets are regularly reviewed with respect to the success of expenditures and other opportunities that become available to Canadian Mining. Accordingly, while it is currently intended by management of Canadian Mining that the available funds will be expended as set forth above, actual expenditures may in fact differ from these amounts and allocations.

## ITEM 7: DIVIDENDS AND OTHER DISTRIBUTIONS

There have been no cash dividends or distributions declared for any class of Canadian Mining's securities since incorporation.

## ITEM 8: MANAGEMENT'S DISCUSSION AND ANALYSIS

Canadian Mining's Management's Discussion and Analysis along with its audited financial statements for the period ended June 30, 2016 are attached as Schedules "A" and "B" to this Listing Application.

## ITEM 9: DISCLOSURE OF OUTSTANDING SECURITY DATA ON FULLY DILUTED BASIS

### Fully Diluted Share Capital of Canadian Mining

The following describes the fully diluted share capital of Canadian Mining as of May 24, 2017 and immediately following the Arrangement and closing of the Concurrent Financing (based on issued and outstanding share capital as of the date of this Listing Application):

Currently issued and outstanding	As of the date hereof	Immediately following the Arrangement and Concurrent Financing <sup>1</sup>	Approximate percentage
Issued Common Shares	100	13,253,676 <sup>2</sup>	62%
Warrants	Nil	7,600,000 <sup>3</sup>	36%
Warrants Issued to Canadian Zeolite Warrant holders	--	454,993 <sup>4</sup>	2%
Options	0	0	
<b>TOTALS</b>	<b>100</b>	<b>21,308,669</b>	<b>100%</b>

<sup>1</sup> Assumes that 5,653,676 Canadian Mining shares are issued to Canadian Zeolite Shareholders and the Concurrent Financing results in the issuance of 7,600,000 Units raising net proceeds to Canadian Mining of \$650,000.

<sup>2</sup> This number is based on the issued and outstanding common shares of Canadian Zeolite as of May 23, 2017 and the distribution of one (1) Canadian Mining Share for every five (5) outstanding Canadian Zeolite Shares at that time.

<sup>3</sup> These represent warrants granted to participants in the Concurrent Financing.

<sup>4</sup> These represent warrants previously granted to Canadian Zeolite shareholders, which expire between June 28, 2017 and September 6, 2017.

## ITEM 10: DESCRIPTION OF SECURITIES TO BE LISTED

### Canadian Mining Shares

Canada Mining is authorized to issue an unlimited number of Canadian Mining Shares without par value of which, as of the closing of the Arrangement and the Concurrent Financing, there will be approximately 13,253,676 issued and outstanding. This number is based on the issuance of 5,653,676 Canadian Mining Shares to Canadian Zeolite Shareholders and assumes 7,600,000 shares are issued pursuant to the Concurrent Financing.

The holders of Canadian Mining Shares will be entitled to dividends if, as and when declared by the directors, to one vote per share at meetings of the shareholders of Canadian Mining and, upon liquidation, to receive such assets of Canadian Mining as are distributable to the holders of Canadian Mining Shares.

### Outstanding Warrants, and Other Options

The following table sets out the warrants and options to purchase securities of Canadian Mining as of March 14, 2017:

Securities	Number	Exercise Price	Expiry Date
Warrants	Nil	Nil	Nil
Options	Nil	Nil	Nil
Other Obligations	Nil	Nil	Nil

## ITEM 11: CONSOLIDATED CAPITALIZATION

### Pro Forma Consolidated Capitalization

The following sets forth the pro forma consolidated capitalization of Canadian Mining Shares after giving effect to the Arrangement and the Concurrent Financing (based on the capitalization as of May 24, 2017):

Designation of Security	Outstanding as at May 24th, 2017	Amount Outstanding After Giving Effect to the Arrangement and Concurrent Financing <sup>1</sup>
Common shares (authorized to issue unlimited common shares)	100	13,253,676
Short Term Debt	23,458	194,458
Long Term Debt	Nil	Nil
Deficit	7,315	698,907

<sup>1</sup>Assumes full subscription of the Concurrent Financing resulting in the issuance of approximately 7,600,000 Units and the issuance of 5,653,676 Canadian Mining Shares to Canadian Zeolite Shareholders.

## ITEM 12: OPTIONS TO PURCHASE SECURITIES

### Options

#### *Canadian Mining Options*

No stock options have been granted to Executive Officers, Directors, Employees and Consultants as of the date of this Listing Application. Below are the terms of the Stock Option Plan (the "Stock Option Plan") which was approved by the Canadian Mining Board. The capitalized terms are defined in the attached full agreement at Schedule "E".

#### Narrative Discussion

The following information is intended as a brief description of the proposed Stock Option Plan and is qualified in its entirety by the full text of the proposed Stock Option Plan.

- Options may be granted to Service Providers of Canadian Mining. Service Providers include, bona fide Directors, Officers, Employees, Management Company Employees or Consultants, and also include a company, of which 100% of the share capital is beneficially owned by one or more Service Providers. Service Providers that are corporate entities will be required to undertake in writing not to effect or permit any transfer of ownership or option of any of its shares, nor issue more of its shares (so as to indirectly transfer the benefits of an Option), as long as such Option remains outstanding, unless the written permission of the Exchange and Canadian Mining is obtained.
- The Vesting of Options is otherwise at the discretion of the Board, and will generally be subject to: the Service Provider remaining employed by, or continuing to provide services to, Canadian Mining or any of its subsidiaries and Affiliates as well as, at the discretion of the Board, achieving certain milestones which may be defined by the Board from time to time or receiving a satisfactory performance review by Canadian Mining or its subsidiary or affiliate during the vesting period or remaining as a Director of Canadian Mining or any of its subsidiaries or Affiliates during the vesting period. In the event of a Change of Control, unless otherwise determined by the Board, (i) all Options outstanding shall immediately vest and be exercisable; and (ii) all Options that are not otherwise exercised contemporaneously with the completion of the Change of Control will terminate and expire immediately thereafter. Options granted to Consultants conducting Investor Relations Actions will vest over a period of not less than 12 months as to 25% on the date that is three months from the date of grant, and a further 25% on each successive date that is three months from the date of the previous vesting or such longer vesting period as the Board may determine. At the time an Option is granted which carries vesting provisions, the Board may vary such vesting provisions provided for in the Stock Option Plan, subject to Regulatory Approval.
- The maximum aggregate number of Plan Shares that may be reserved for issuance under the Plan at any time plus the number of Common Shares reserved for issuance under outstanding incentive stock options otherwise granted by Canadian Mining shall not exceed ten percent (10%) of the issued and outstanding Common Shares on a non-diluted basis, and such number shall increase or decrease as the number of issued and outstanding

Common Shares changes. The Exercise Price of an Option will be set by the Board at the time such Option is allocated under the Stock Option Plan, and cannot be less than the Discounted Market Price.

4. The Board shall not grant Options to any Service Provider in any 12 month period which will, when exercised, result in the total number of Options, together with all Share Compensation Arrangements granted to such Service Provider, exceeding 5% of the Listed Shares, calculated at the time of grant (unless Canadian Mining has obtained Disinterested Shareholder Approval under S 2.9(a)(iii) of the Stock Option Plan to do so), the aggregate number of Options granted to Service Providers conducting Investor Relations Activities in any 12-month period must not exceed 2% of the Listed Shares, calculated at the time of grant, without the prior consent of the Exchange, the aggregate number of Options granted to any one Consultant in any 12-month period must not exceed 2% of the Listed Shares, calculated at the time of grant, without the prior consent of the Exchange, no Options can be granted under the Stock Option Plan while the Board is aware of any undisclosed Material Information relating to Canadian Mining. Additionally, no Options can be granted under the Stock Option Plan if Canadian Mining is designated "Inactive" (as defined in the Exchange Policies) by the Exchange.
5. In the event an Option granted under the Stock Option Plan expires unexercised or is terminated by reason of dismissal of the Optionee for cause or is otherwise lawfully cancelled prior to exercise of the Option, the Optioned Shares that were issuable thereunder will be returned to the Plan and will be eligible for re-issue.
6. An Option can be exercisable for a maximum of 10 years from the Effective Date.

### ITEM 13: PRIOR SALES

Since incorporation on April 26, 2013 through to the date of this Listing Application, the following Canadian Mining Shares have been issued:

Date	Number of Common Shares	Price
April 23, 2013 – Incorporator shares	100	\$1.00
February 17, 2017 – Vend- In Agreement	5,653,576	\$0.09

### ITEM 14: ESCROWED SECURITIES AND SECURITIES SUBJECT TO RESTRICTION ON TRANSFER

*Canadian Mining Shares held by Principals*

Pursuant to National Policy 46-201 *Escrow for Initial Public Offering*, Canadian Mining Shares held by principals are subject to the "emerging issuer" release schedule. The securities held in escrow are as follows:

Designation of Class	Number of securities held in escrow that are subject to a contractual restriction on transfer	Percentage of class
Common shares	1,194,763	9% <sup>1</sup>
Warrants	221,300	0.02%

1. Assumes an issued and outstanding of 13,253,676

CST Trust Company will act as escrow agent and the securities will be released according to the following schedule:



On the date Canadian Mining's securities are listed on the TSX Venture Exchange	1/10 of the escrow securities
6 months after the listing date	1/6 of the remaining escrow securities
12 months after the listing date	1/5 of the remaining escrow securities
18 months after the listing date	1/4 of the remaining escrow securities
24 months after the listing date	1/3 of the remaining escrow securities
30 months after the listing date	1/2 of the remaining escrow securities
36 months after the listing date	the remaining escrow securities

\*In the simplest case, where there are no changes to the escrow securities initially deposited and no additional escrow securities, the release schedule outlined above results in the escrow securities being released in equal tranches of 15% after completion of the release on the listing date.

*Canadian Mining Shares issued under the Plan of Arrangement*

Based on the value attributed to the Canadian Mining Shares when they were initially issued to Canadian Zeolite, the Exchange's seed share resale matrix would technically apply and result in either a four month or one year escrow period for the Canadian Mining Shares being distributed pursuant to the Plan of Arrangement. Canadian Mining received a waiver from the technical application of the seed share resale rules matrix so that the Canadian Mining Shares issued pursuant to the Plan of Arrangement will not be subject to resale restrictions.

*Canadian Mining Shares issued pursuant to the Concurrent Financing*

The Canadian Mining Shares, the Concurrent Financing Warrants and the Canadian Mining Shares issuable upon exercise of the Concurrent Financing Warrants to be issued or issuable to subscribers under the Concurrent Financing will be subject to a voluntary pooling agreement whereby the securities purchased thereunder will become freely tradeable as follows 25% four months and a day following the closing of the financing, 25% 8 months from closing of the financing, 25% twelve months from closing of the financing and the final 25% sixteen months following the closing of the Financing. There is no depository agent that will hold on to the pooled securities. The table below assumes that 7,600,000 units are issued pursuant to the concurrent financing:

<b>Designation of Class</b>	<b>Number of securities held in escrow that are subject to a contractual restriction on transfer</b>	<b>Percentage of class</b>
Common shares	7,600,000	57%
Warrants	7,600,000	99%

**ITEM 15: PRINCIPAL SECURITYHOLDERS**

As of the date of this Listing Application, to the knowledge of the directors and officers of Canadian Mining, there will be no person or corporation beneficially owning, directly or indirectly, or exercising control or direction over securities carrying in excess of 10% of the voting rights attached to any class of outstanding Canadian Mining Shares.

## ITEM 16: DIRECTORS AND EXECUTIVE OFFICERS

### Name, Occupation and Security Holding

The following are the names, province of residence, occupation of each of the anticipated directors and officers of Canadian Mining, and the number of the Canadian Mining Shares which will be beneficially owned, directly or indirectly, or over which control or direction is or will be exercised by such directors and officers.

Name & Province or State of Residence	Principal Occupation for Last Five Years	Director or Officer Since	Canadian Zeolite Shares Beneficially Owned or Controlled, Prior to Arrangement	Canadian Mining Shares, Directly or Indirectly, Beneficially Owned, After Arrangement	Approximate Percentage of Canadian Mining Shares Owned after Arrangement <sup>(1)</sup>
Brian Thurston, H.BSc (Geology) British Columbia Canada <i>Chief Executive Officer and Director</i>	President, Chief Executive Officer and Director, Upper Canyon Minerals Corp since, 2012; Director, Brigade Resource Corp. since Oct 2015; Director, Encanto Potash Corp, 2009 to 2016; Director and Officer Red Star Capital Ventures Inc. 2011 to 2014; Director Northern Iron Corp. 2011 to 2012; Director Maxtech Ventures Inc. 2010 to 2012	2017-03-15	Nil	Nil	Nil
Raymon Paquette, British Columbia Canada <i>Chairman and Director</i>	President and CEO of Canadian Zeolite Corp. President & Director, Canadian Mining Corp.	1994 2013-04-26	4,719,488	943,897	7.1%
Aman Parmar, CA British Columbia Canada <i>Director</i>	Chartered Accountant. Partner, Horizon Capital Corp., a venture capital and corporate advisory firm, 2016 to present; Director and CFO, Vanc Pharmaceuticals Inc. 2014 to 2015; General Manager, Haraman Developments Inc. 2011 to present; Senior Accountant, Smythe Ratcliffe, 2010 to 2012.	2017-03-15	Nil	Nil	Nil
Dianne Szigety British Columbia Canada <i>Corporate Secretary</i>	President, PubliCo Services Ltd. since 1994. Corporate Secretary Canadian Zeolite Corp. since March 2007; Corporate Secretary, Canadian Mining Corp. since March 2017; Corporate Secretary, Power Americas Minerals Corp. since Feb 2010; Corporate Secretary, Pure Energy Minerals Ltd. since Dec 2016; Corporate Secretary, BlackIce Enterprise Risk	2017-03-15	600,000	120,000	1%

Name & Province or State of Residence	Principal Occupation for Last Five Years	Director or Officer Since	Canadian Zeolite Shares Beneficially Owned or Controlled, Prior to Arrangement	Canadian Mining Shares, Directly or Indirectly, Beneficially Owned, After Arrangement	Approximate Percentage of Canadian Mining Shares Owned after Arrangement <sup>(1)</sup>
	2015; Corporate Secretary, Shamrock Enterprises Ltd. since 2010; Corporate Secretary, Laguna Blends Inc., March 2017 to present; Corporate Secretary, CanAlaska Uranium Ltd. 2012 to 2016.				
Mark Groenewald, British Columbia Canada <i>Chief Financial Officer</i>	Chief Financial Officer, Canadian Zeolite Corp. since June, 2009. CFO Tasu Global Resources Inc 2010-2016; Director Montrose Nursery Ltd. since 1998.	2017-03-15	654,333	130,866	1%

(1) Assuming no Canadian Mining Shares are purchased by these persons pursuant to the Concurrent Financing and assuming the maximum Concurrent Financing is completed. This number is based on an assumed issued and outstanding common shares of Canadian Mining of 13,253,676.

*Brian Thurston, Chief Executive Officer*

Mr. Brian G. Thurston, age 48, is a mining executive with approximately 25 years of exploration management and operational experience working on projects in North and South America and Africa. Mr. Thurston has been a founder of, and acted as management and/or director for, various public and private companies. He is currently President, CEO and director of Upper Canyon Minerals Corp. (TSXV) and was a director of Encanto Potash Corp. (TSXV) from 2009 to 2016. From 2011 to 2014, he served as CEO and director of Red Star Capital Ventures Inc. (TSXV), and from 2007 to 2010 he served as CEO and director of Lion Energy Corp. (TSXV), during which time the company successfully raised more than \$30 million dollars to advance its projects. Previously, he formed part of the initial geological exploration team that evaluated the land holdings of Aurelian Resources Inc. in Ecuador in 2002, and held the position of Country Manager for Aurelian Ecuador S.A. de C.V. in 2004 and 2005. Aurelian was taken over by Kinross Gold Corp. (TSX; NYSE) in a transaction valued at \$1.2 billion. Mr. Thurston holds a Bachelors of Science (honours) degree in Geology from the University of Western Ontario. Mr. Thurston is an independent contractor for Canadian Mining and expects to devote approximately 65% of his time to Canadian Mining.

*Mark Groenewald, Chief Financial Officer*

Mr. Groenewald, age 58, brings over 15 years' experience in the commercial environment. Before moving to Canada in 2002, he was involved with his own business in South Africa. He graduated with a Bachelor of Accounting Science from the University of South Africa in 1987 and completed his articles with Ironside Greenwood, a firm of public accountants in Johannesburg. Mark's focus has been on providing accounting and management consulting services to several corporations in the lower mainland area of Vancouver. Mr. Groenewald is an independent contractor for Canadian Mining and expects to devote approximately 30% of his time to Canadian Mining.

*Raymon Paquette, Chairman*

Mr. Paquette, age 68, has been the President and Director of Canadian Zeolite since 1999. His key responsibilities include project management, company development and financing. He takes a hands-on approach and was instrumental in developing Canadian Zeolite's Bromley Creek Zeolite Mine. His experience and managerial skills are now focused on the further development and growth of the Bromley Creek and Sun Group Zeolite Projects.

*Aman Parmar, Director*

Mr. Parmar, age 29, is a Chartered Accountant and the Chair of the Audit Committee. He is a Partner of Horizon Capital Corp., a venture capital and corporate advisory firm as well as General Manager, Haraman Developments

Inc. a real estate development company. Aman is a former director of Vanc Pharmaceuticals Inc. from December 2014 to December 2015.

*Dianne Szigety, Corporate Secretary*

Ms. Szigety, age 63, is a Fellow of the Institute of Chartered Secretaries and Administrators and brings over 25 years of management experience, specializing in corporate securities paralegal services to help optimize regulatory compliance and corporate governance for her clients. Her hands-on experience liaising with a diverse group of clients, auditors, lawyers, transfer agents, stock exchanges and regulatory bodies allows her to provide detailed insight based on experience. She has served as Corporate Secretary of several TSX Venture Exchange, Canadian Securities Exchange and OTCQB/QX-listed companies and was a Director and Officer of a junior mining exploration company from 1996 to 2013. Previously, she worked as a Legal Assistant with several prominent Vancouver, B.C. law firms. Mr. Szigety is an independent contractor for Canadian Mining and expects to devote approximately 25% of her time to Canadian Mining.

**Cease Trade Orders, Bankruptcies, Penalties or Sanctions**

No director or executive officer of Canadian Mining is, as at the date of this Listing Application, or within the ten years before the date of this Listing Application, has been a director, chief executive officer or chief financial officer of any company, including Canadian Mining, that:

- a) was subject to an Order that was issued while the director or executive officer was acting in the capacity as director, chief executive officer or chief financial officer; or
- b) was subject to an Order that was issued after the director or executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer.

No director or executive officer of Canadian Mining, or a shareholder holding a sufficient number of securities of Canadian Mining to affect materially the control of Canadian Mining:

- a) is, at the date of the Listing Application, or has been within the ten years before the date of this Listing Application, a director or executive officer of any company, including Canadian Mining, that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, 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; or
- b) has, within the ten years before the date of this Listing Application, 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, executive officer or shareholder.

No director or executive officer of Canadian Mining, or a shareholder holding a sufficient number of securities of Canadian Mining to affect materially the control of Canadian Mining, has been subject to:

- a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or
- b) any other penalties or sanction imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

**Conflicts of Interest**

There are no existing or potential conflicts of interest between Canadian Mining, or any subsidiary of Canadian Mining, and any director or officer of Canadian Mining or of a subsidiary of Canadian Mining.

a real estate development company. Aman is a former director of Vanc Pharmaceuticals Inc. from December 2014 to December 2015.

*Dianne Szigety, Corporate Secretary*

Ms. Szigety, age 63, is a Fellow of the Institute of Chartered Secretaries and Administrators and brings over 25 years of management experience, specializing in corporate securities paralegal services to help optimize regulatory compliance and corporate governance for her clients. Her hands-on experience liaising with a diverse group of clients, auditors, lawyers, transfer agents, stock exchanges and regulatory bodies allows her to provide detailed insight based on experience. She has served as Corporate Secretary of several TSX Venture Exchange, Canadian Securities Exchange and OTCQB/QX-listed companies and was a Director and Officer of a junior mining exploration company from 1996 to 2013. Previously, she worked as a Legal Assistant with several prominent Vancouver, B.C. law firms. Mr. Szigety is an independent contractor for Canadian Mining and expects to devote approximately 25% of her time to Canadian Mining.

**Cease Trade Orders, Bankruptcies, Penalties or Sanctions**

No director or executive officer of Canadian Mining is, as at the date of this Listing Application, or within the ten years before the date of this Listing Application, has been a director, chief executive officer or chief financial officer of any company, including Canadian Mining, that:

- a) was subject to an Order that was issued while the director or executive officer was acting in the capacity as director, chief executive officer or chief financial officer; or
- b) was subject to an Order that was issued after the director or executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer.

No director or executive officer of Canadian Mining, or a shareholder holding a sufficient number of securities of Canadian Mining to affect materially the control of Canadian Mining:

- a) is, at the date of the Listing Application, or has been within the ten years before the date of this Listing Application, a director or executive officer of any company, including Canadian Mining, that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, 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; or
- b) has, within the ten years before the date of this Listing Application, 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, executive officer or shareholder.

No director or executive officer of Canadian Mining, or a shareholder holding a sufficient number of securities of Canadian Mining to affect materially the control of Canadian Mining, has been subject to:

- a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or
- b) any other penalties or sanction imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

**Conflicts of Interest**

There are no existing or potential conflicts of interest between Canadian Mining, or any subsidiary of Canadian Mining, and any director or officer of Canadian Mining or of a subsidiary of Canadian Mining.

**Director or Officer of other Reporting Issuers (or the equivalent of a reporting issuer) in the five years preceding the date of this Listing Application**

<b>Name</b>	<b>Name and Jurisdiction of Reporting Issuer</b>	<b>Name of Trading Market</b>	<b>Position</b>	<b>From</b>	<b>To</b>
Brian Thurston	Brigade Resource Corp. British Columbia	CNSX	Director	Oct 2015	March 2017
	Upper Canyon Minerals Corp. British Columbia	TSX-V	Officer	Aug 2012	Present
	Upper Canyon Minerals Corp. British Columbia	TSX-V	Director	June 2010	Present
	Encanto Potash Corp. British Columbia	TSX-V	Director	August 2009	August 2016
	Red Star Capital Ventures Inc. Canada	TSX-V	Director and Officer	July 2011	August 22, 2014
	Northern Iron Corp.	TSX-V	Director	August 2011	April 2012
	Maxtech Ventures Inc. British Columbia	TSX-V	Director	September 2010	February 2012
Raymon Paquette	Canadian Zeolite Corp. British Columbia	CNZ	President	1999	Present
Mark Groenewald	Canadian Zeolite Corp. British Columbia	TSX-V	Chief Financial Officer	June 2009	Present
Aman Parmar	VANC Pharmaceuticals British Columbia	TSX-V OTCBB	Director and Chief Financial Officer	2014	2015
Dianne Szigety	Laguna Blends Inc. British Columbia	CSE	Corporate Secretary	March 2017	Present
	Pure Energy Minerals Ltd. British Columbia	TSX-V	Corporate Secretary	December 2016	Present
	BlackIce Enterprise Risk Management Inc. British Columbia	CSE	Corporate Secretary	December 2015	Present

	Power Americas Minerals Corp. British Columbia	TSX-V	Corporate Secretary	February 2010	Present
	Canadian Zeolite Corp. British Columbia	TSX-V	Corporate Secretary	March 2007	Present
	THC Biomed Intl Inc. British Columbia	CSE	Corporate Secretary	December 2015	June 2016
	Sonoma Resources Inc.	NEX	Corporate Secretary	March 2014	December 2015
	CanAlaska Uranium Ltd. British Columbia	TSX/TSX-V	Corporate Secretary	September 2012	June 2016
	Great Quest Metals Ltd. British Columbia	TSX-V	Corporate Secretary	August 2011	May 2013
	Maxim Resources Inc. Ontario	TSX-V	Corporate Secretary	February 2009	March 2011
	Shamrock Enterprises Ltd. British Columbia	CSE	Corporate Secretary	April 2008	March 2017

## ITEM 17: EXECUTIVE COMPENSATION

### Interpretation

The following definitions are set out in Form 51-102F6 of the National Instrument 51-102 of the Canadian Securities Administrators:

“Chief Executive Officer” or “CEO” means each individual who served as chief executive officer of the company or acted in a similar capacity during the most recently completed financial year;

“Chief Financial Officer” or “CFO” means each individual who served as chief financial officer of the company or acted in a similar capacity during the most recently completed financial year; and

“Named Executive Officers” or “NEOs” means the following individuals:

- (a) each CEO;
- (b) each CFO;
- (c) each of the company’s three most highly compensated executive officers, other than the CEO and CFO who were serving as executive officers at the end of the most recently completed financial year and whose total salary and bonus exceeds \$150,000; and
- (d) any additional individuals for whom disclosure would have been provided under (c) except that the individual was not serving as an officer of the company at the end of the most recently completed financial year-end.

## **Compensation Discussion and Analysis**

To date, Canadian Mining has two Named Executive Officers, Brian Thurston, the CEO of Canadian Mining and Mark Groenewald, the CFO of Canadian Mining. From incorporation through to the date of this Circular, the NEOs have received no cash compensation. The following discussion sets out the anticipated compensation structure following completion of the Arrangement.

Canadian Mining's compensation structure is designed to be competitive with the compensation arrangements of other Canadian resource companies of similar size and scope of operations. The Board considers a variety of factors when determining both compensation policies and programs and individual compensation levels. These factors include the long-term interests of Canadian Mining and its shareholders, overall financial and operating performance of Canadian Mining and the board's assessment of each officer's individual performance, contribution towards meeting corporate objectives, responsibilities, length of service and levels of compensation provided by industry competitors.

Compensation for executive officers may be composed primarily of two components; namely, base salary and participation in Canadian Mining's stock option plan. The Board may from time to time grant stock options to officers under Canadian Mining's stock option plan. Grants of stock options are intended to emphasize the executive officers' commitment to the growth of Canadian Mining. Canadian Mining places strong reliance on stock options in terms of the total compensation of its executive officers in keeping with overall compensation trends in the Canadian industry. Canadian Mining's directors do not presently receive compensation, other than incentive stock options which may be granted from time to time, for their services as directors.

### **Annual Base Salary**

Base Salary for the NEOs are determined by the Board by comparison of the remuneration paid by other reporting issuers with the same size and industry and with publicly available information on remuneration that Board feels is suitable.

The Annual Base Salary paid to the NEOs shall, for the purpose of establishing appropriate increases, be reviewed annually by the Board.

For the period from Canadian Mining's incorporation to the date of this Listing Application, no compensation was paid to any of the officers or directors of Canadian Mining. Canadian Mining's executive officers will not receive salaried compensation.

Non-executive directors of Canadian Mining do not currently receive any directors' fees and are not expected to receive any directors' fees in the first year following the Effective Date. The distribution of non-executive directors' fees will be reviewed annually by Canadian Mining's Board. The Canadian Mining Board, upon its review, may elect to distribute non-executive directors' fees in accordance with industry standards.

Each director will be entitled to participate in any security-based compensation arrangement or other plan adopted by Canadian Mining from time to time with the approval of the Canadian Mining Board. The directors will be reimbursed for expenses incurred on Canadian Mining's behalf.

The Canadian Mining's Board will periodically review the adequacy and form of the compensation of directors and executive officers and ensure that the compensation realistically reflects the responsibilities and risks involved in being an effective director and executive officer, and to report and make recommendations to the Canadian Mining Board accordingly.

### **Incentive Plan Awards**

#### *Outstanding Share-Based Awards and Option-Based Awards*

The directors of Canadian Mining have approved a stock option plan (the "Plan") to be approved by the shareholders of Canadian Mining at the next Canadian Mining shareholders' meeting. Under the Plan, the Canadian Mining Board is authorized to grant incentive options to certain directors, officers, employees and consultants of Canadian Mining entitling them to purchase Canadian Mining Shares. The purpose of the Plan is to provide Canadian Mining with a share-related mechanism to attract, retain and motivate qualified directors, officers, consultants and employees, to reward those persons from time to time for their contributions toward the long-term goals of Canadian Mining, and to enable and encourage such directors, officers, consultants and employees to acquire Canadian Mining Shares as long-term investments. The Plan is administered by the Canadian Mining Board.



*Incentive Plan Awards – Value Vested or Earned During the Year*

As of the date of this Listing Application no options have been granted under the Plan.

**Pension Plan Benefits**

Canadian Mining does not provide retirement benefits for directors or executive officers.

**Director Compensation**

None of the Directors of Canadian Mining will receive cash compensation for acting as a board member, however it is anticipated that board members will receive incentive stock option packages which is in line with industry standards for similarly sized issuers.

**ITEM 18: INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS**

Other than as disclosed herein, none of the current or former directors, executive officers, employees of Canadian Mining or the proposed nominees for election to the Canadian Mining Board, nor any associate or affiliate of such persons, are or have been indebted to Canadian Mining from the date of incorporation until the date hereof.

**ITEM 19: AUDIT COMMITTEES AND CORPORATE GOVERNANCE**

**Audit Committee Charter**

*Mandate*

The primary function of the audit committee (the “Committee”) is to assist the board of directors in fulfilling its financial oversight responsibilities. The Committee reviews the financial reports and other financial information provided by Canadian Mining to regulatory authorities and its shareholders and reviews Canadian Mining’s systems of internal controls regarding finance and accounting including our auditing, accounting and financial reporting processes. The Committee’s primary duties and responsibilities are to:

- Serve as an independent and objective party to monitor Canadian Mining’s financial reporting and internal control system and review Canadian Mining’s financial statements.
- Review and appraise the performance of Canadian Mining’s external auditors.
- Provide an open avenue of communication among Canadian Mining’s auditors, financial and senior management and the Board of Directors.

*Composition*

The Committee is comprised of three directors as determined by Canadian Mining’s Board, the majority of whom are free from any relationship that, in the opinion of Canadian Mining’s Board, would interfere with the exercise of their independent judgment as a member of the Committee. At least one member of the Committee has accounting or related financial management expertise. All members of the Committee are financially literate. For the purposes of the Audit Committee Charter, the definition of “financially literate” is the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can presumably be expected to be raised by Canadian Mining’s financial statements.

The members of the Committee are elected by Canadian Mining’s Board at its first meeting following the annual shareholders’ meeting. Unless a Chair is elected by the full Canadian Mining Board, the members of the Committee may designate a Chair by a majority vote of the full Committee membership.

*Meetings*

The Committee is to meet at least once annually, or more frequently as circumstances dictate. As part of its job to foster open communication, the Committee is to meet at least annually with the Chief Financial Officer and the external auditors in separate sessions.

### *Responsibilities and Duties*

To fulfill its responsibilities and duties, the Committee shall:

#### Documents/Reports Review

- Review and update the Charter annually.
- Review Canadian Mining's financial statements, MD&A and any press release that includes annual and interim earnings before Canadian Mining publicly discloses this information and any reports or other financial information (including quarterly financial statements), which are submitted to any governmental body, or to the public, including any certification, report, opinion, or review rendered by the external auditors.

#### External Auditors

- Review annually, the performance of the external auditors who shall be ultimately accountable to Canadian Mining's Board and the Committee as representatives of the shareholders of Canadian Mining.
- Recommend to the Board of Directors the selection and, where applicable, the replacement of the external auditors nominated annually for shareholder approval.
- Review with management and the external auditors the audit plan for the year-end financial statements and intended template for such statements.
- Review and pre-approve all audit and audit-related services and the fees and other compensation related thereto, and any non-audit services, provided by Canadian Mining's external auditors.
- Provided pre-approval of the non-audit services is presented to the Committee's first scheduled meeting following such approval, such authority may be delegated by the Committee to one or more independent members of the Committee.

#### Financial Reporting Processes

- In consultation with the external auditors, review with management the integrity of Canadian Mining's financial reporting process, both internal and external.
- Consider the external auditors' judgments about the quality and appropriateness of Canadian Mining's accounting principles as applied in its financial reporting.
- Consider and approve, if appropriate, changes to Canadian Mining's auditing and accounting principles and practices as suggested by the external auditors and management.
- Following completion of the annual audit, review separately with management and the external auditors any significant difficulties encountered during the course of the audit, including any restrictions on the scope of work or access to required information.
- Review any significant disagreement among management and the external auditors in connection with the preparation of the financial statements.
- Review with the external auditors and management the extent to which changes and improvements in financial or accounting practices have been implemented.
- Review any complaints or concerns about any questionable accounting, internal accounting controls or auditing matters.
- Review certification process.
- Establish a procedure for the confidential, anonymous submission by employees of Canadian Mining of concerns regarding questionable accounting or auditing matters.
- Review any related-party transaction.

#### Other

#### **Composition of Audit Committee and Independence**

National Instrument 52-110 Audit Committees, (“NI 52-110”) provides that a member of an audit committee is “independent” if the member has no direct or indirect material relationship with the issuer, which could, in the view of the issuer’s board of directors, reasonably interfere with the exercise of the member’s independent judgment.

The members of the Committee are Brian Thurston, Raymon Paquette and Aman Parmar. As of the date of this Listing Application, Aman Parmar is considered an independent member of the Audit Committee. Brian Thurston is not considered to be independent as he is the Chief Executive Officer of Canadian Mining and Raymon Paquette is not considered to be independent as he has been the President and CEO of Canadian Zeolite Corp since 1999 and a director and officer of Canadian Mining since incorporation on April 26, 2013. As defined in MI 52-110, all members of the Audit Committee are financially literate.

#### **Relevant Education and Experience**

Mr. Paquette has served as President and Chief Executive Officer of Canadian Zeolite Corp. since 1999 and has gained experience in areas of corporate finance, acquisitions, financial reporting, and serving as a director of public companies. His experience in that capacity assists the Audit Committee with the review of Canadian Mining’s financial statements on issues related to its operations and resources properties.

Mr. Thurston has a B.Sc (Honours) in Geology. He has served as a director and senior officer of a number of publicly traded resource companies since 1992 and has extensive experience in corporate finance and compliance issues, having served on various audit, compensation and governance committees

Mr. Parmar is a Chartered Accountant and the Chair of the Audit Committee. He is a Partner of Horizon Capital Corp., a venture capital and corporate advisory firm as well as General Manager, Haraman Developments Inc. a real estate development company.

**Relevant Education and Experience** NI 52-110 provides that an individual is “financially literate” if he or she has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by Canadian Mining’s financial statements.

Each Committee member has gained financial literacy through education or through years of experience serving as directors and officers of mining and mineral exploration companies. In these positions, each member would be responsible for receiving financial information relating to their company and obtaining an understanding of the balance sheet, income statement and statement of cash flows and how these statements are integral in assessing the financial position of Canadian Mining and its operating results. Each member has significant understanding of the mineral exploration business which Canadian Mining engages in and has an appreciation for the relevant accounting principles for that business. For further details regarding the details of the relevant education and experience, see the relevant biographies of the Committee members at “*Directors and Executive Officers*”.

#### **Audit Committee Oversight**

Since the commencement of Canadian Mining’s most recently completed financial year, the Committee of Canadian Mining has not made any recommendations to nominate or compensate an external auditor which were not adopted by the Canadian Mining Board.

#### **Reliance on Certain Exemptions**

Since the commencement of Canadian Mining’s most recently completed financial year, Canadian Mining has not relied on:

- (a) the exemption in section 2.4 (De Minimis Non-audit Services) of NI 52-110; or
- (b) an exemption from NI 52-110, in whole or in part, granted under Part 8 (Exemptions).

#### **Pre-Approval Policies and Procedures**

The audit committee has not adopted any specific policies and procedures for the engagement of non-audit services.

#### **Audit Fees**

Canadian Mining has not incurred any audit related fees from the date of its incorporation to the end of the last fiscal year. Canadian Mining will incur fees associated with the audit and review of the financial statements attached hereto which will be incurred during the fiscal year ended 2017.

### Exemption in Section 6.1

Canadian Mining is a “venture issuer” as defined in NI 52-110 and is relying on the exemption in section 6.1 of NI 52-110 relating to Parts 3 (Composition of Audit Committee) and 5 (Reporting Obligations).

## CORPORATE GOVERNANCE

National Instrument 58-101, *Disclosure of Corporate Governance Practices*, requires all companies to provide certain annual disclosure of their corporate governance practices with respect to the corporate governance guidelines (the “Guidelines”) adopted in National Policy 58-201. These Guidelines are not prescriptive, but have been used by Canadian Mining in adopting its corporate governance practices. Canadian Mining’s approach to corporate governance is set out below.

### *Board of Directors*

The Canadian Mining Board currently consists of three (3) directors: Raymon Paquette, Aman Parmar, and Brian Thurston. The Guidelines suggest that the board of every listed company should be constituted with a majority of individuals who qualify as “independent” directors. A director is “independent” if the individual has no direct or indirect material relationship with Canadian Mining which could, in the view of Canadian Mining’s Board, be reasonably expected to interfere with the exercise of a director’s independent judgment whether on the Canadian Mining Board or a committee of the Canadian Mining Board. Notwithstanding the foregoing, an individual who is, or has been within the last three years, an employee or executive officer of Canadian Mining Board is considered to have a material relationship with Canadian Mining. Of the current Canadian Mining Board Aman Parmar is considered to be independent. Brian Thurston is not considered to be independent as he is an executive officer of Canadian Mining and Raymon Paquette is not considered to be independent by virtue of being a director and executive officer of Canadian Mining’s parent company, Canadian Zeolite.

### *Directorships*

In addition to their positions on the Canadian Mining Board, the following directors also serve as directors of the following reporting issuers:

<u>Name of Director</u>	<u>Reporting Issuer</u>
Brian Thurston	Upper Canyon Minerals Corp.
Raymon Paquette	Canadian Zeolite Corp.

### *Orientation and Continuing Education*

Canadian Mining does not provide a formal orientation and education program for new directors; however, any new directors will be given the opportunity to familiarize themselves with Canadian Mining, the current directors and members of management. Directors are also encouraged and given the opportunity for continuing education.

### *Ethical Business Conduct and Disclosure Policy*

Canadian Mining has adopted a formal written Code of Ethics to define certain fundamental principles, policies and procedures that will govern the directors, officers, consultants, advisors, contractors and employee (“Representatives”) of Canadian Mining. The Code will assist to establish a framework for accepted/unacceptable behaviours; prompt high standards of business conduct and practice; promote accountability and adherence to the Code of Conduct; and develop a corporate culture steeped in honest and ethical conduct. Each Representative is required to acknowledge and confirm in writing on an annual basis that they are fully compliant with the Code of Conduct or report in writing to the Audit Committee Chair the details where they are not compliant.

Canadian Mining has also adopted a formal Disclosure Policy to ensure communications of material information to the investing public about Canadian Mining are timely, balanced and accurate, and are broadly disseminated in accordance with applicable legal, regulatory and stock exchange requirements. The scope of the Disclosure Policy extends to all employees of Canadian Mining, its Board of Directors, consultants, applicable contractors and those individuals authorized to speak on behalf of Canadian Mining ("Representatives"). All Representatives are required to acknowledge and confirm in writing on an annual basis that they are fully compliant with the Disclosure Policy or will report in writing to the Audit Committee Chair the details where they are not compliant.

*Nomination of Directors*

The Canadian Mining Board selects new nominees to the Canadian Mining Board, although a formal process has not yet been adopted. The nominees are generally the result of recruitment efforts by the Board members, including both formal and informal discussions among Canadian Mining Board members and the President and CEO. The Canadian Mining Board monitors, but does not formally assess, the performance of individual Canadian Mining Board members or committee members or their contributions.

*Compensation of Directors*

The President & CEO makes recommendations to the Canadian Mining Board for director compensation based on Canadian Mining's performance during the relevant year.

*Audit Committee*

For a description of the Audit Committee, see this Listing Application at "*Audit Committee*".

*Other Board Committees*

Other than an Audit Committee and a Compensation Committee, Canadian Mining has not appointed any other committees.

*Assessments*

The Canadian Mining Board does not, at present, have a formal process in place for assessing the effectiveness of the Canadian Mining Board as a whole, its committees or individual directors, but will consider implementing one in the future should circumstances warrant. Based on Canadian Mining's size, its stage of development and the limited number of individuals on the Canadian Mining Board, it considers a formal assessment process to be inappropriate at this time. The entire Canadian Mining Board is responsible for selecting new directors and assessing current directors. A proposed director's credentials are reviewed in advance of a Canadian Mining Board meeting by one or more members of the Canadian Mining Board prior to the proposed director's nomination.

**ITEM 20: AGENT, SPONSOR OR ADVISOR**

There has not been an Agent, Sponsor or advisor retained by Canadian Mining in connection with this Listing Application.

## ITEM 21: RISK FACTORS

There are certain risks associated with the securities and the business of Canadian Mining that should be considered including the following:

### *Failure to obtain necessary approvals for completion of the Arrangement*

Completion of the Arrangement is subject to, among other things, the receipt of all necessary regulatory and securityholder approvals. In addition, the approval of the Exchange is subject to their review and approval of all required documentation. Canadian Zeolite and Canadian Mining have applied to the Exchange for approval of the Arrangement, the Concurrent Financing and related transactions and the listing of the Canadian Mining Shares issuable in connection with such transactions, including to have the Canadian Mining Shares listed and posted for trading on the Exchange. At the time of this Listing Application, the Exchange has granted conditional acceptance of the Plan of Arrangement but there can be no assurances that the Exchange shall grant final approval or grant such approval on terms and conditions that are satisfactory to Canadian Zeolite and Canadian Mining. The failure to obtain any such approvals may prevent Canadian Zeolite and Canadian Mining from completing the Arrangement.

### *Failure to close the Concurrent Financing*

It is a condition precedent to the completion of the Arrangement that Canadian Mining close the Concurrent Financing. There can be no assurances that the Concurrent Financing will close on the terms and conditions set out in this Listing Application or at all. Failure to close the Concurrent Financing will result in Canadian Zeolite and Canadian Mining being unable to complete the Arrangement.

### *Exploration and Mining Risks*

Canadian Mining will continue to be engaged in mineral exploration and development activities. Mineral exploration and development involves a high degree of risk and few properties that are explored are ultimately developed into producing mines. The long-term profitability of Canadian Mining's operations will be in part directly related to the cost and success of its exploration programs, which may be affected by a number of factors beyond their control.

Mineral exploration involves many risks, which even a combination of experience, knowledge and careful evaluation may not be able to overcome. Operations in which Canadian Mining has a direct or indirect interest will be subject to all the hazards and risks normally incidental to exploration, development and production of zeolite, gold and other minerals, any of which could result in work stoppages, damage to property, and possible environmental damage.

Hazards such as unusual or unexpected formations and other conditions such as formation pressures, fire, power outages, labour disruptions, flooding, explosions, cave-ins, landslides and the inability to obtain suitable machinery, equipment or labour are involved in mineral exploration, development and operation. Canadian Mining may become subject to liability for pollution, cave-ins or hazards against which it cannot insure or against which it may elect not to insure. The payment of such liabilities may have a material, adverse effect on Canadian Mining's financial position.

Canadian Mining will continue to rely upon consultants and others for exploration and development expertise. 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 to justify commercial operations or that funds required for development can be obtained on a timely basis. The economics of developing iron ore, gold and other mineral properties is affected by many factors including the cost of operations, variations in the grade of ore mined, fluctuations in metal markets, allowable production, importing and exporting of minerals and environmental protection.

### *Financing Risks*

Canadian Mining is limited in both financial resources and sources of operating cash flow and there is no assurance that additional funding will be available to Canadian Mining for further exploration and development of projects or to fulfill their obligations under any applicable agreements. There can be no assurance that Canadian Mining will be able

to obtain adequate financing in the future or that the terms of such financing will be favourable. Failure to obtain such additional financing could result in delay or indefinite postponement of further exploration and development of their projects with the possible loss of such properties. In addition, any future equity financings by Canadian Mining for the purpose of raising additional capital may result in substantial dilution to the holdings of existing shareholders.

The only source of future funds for further exploration programs, or if such exploration programs are successful for the development of economic ore bodies and commencement of commercial production thereon, which are presently available to Canadian Mining are the sale of equity capital or the offering by Canadian Mining of an interest in its properties to be earned by another party carrying out further exploration or development.

#### *Regulatory Requirements*

Even if Canadian Mining's mineral properties are proven to host economic reserves of zeolite, gold or other metals or minerals, factors such as governmental regulation may prevent or restrict mining of any such deposits or repatriation of profits.

#### *Uninsurable Risks*

In the course of exploration, development and production of mineral properties, certain risks, and in particular, unexpected or unusual geological operating conditions including rock bursts, cave-ins, fires, flooding and earthquakes may occur. It is not always possible to fully insure against such risks and Canadian Mining may decide not to take out insurance against such risks as a result of high premiums or other reasons. Should such liabilities arise, they could reduce or eliminate any future profitability and result in increasing costs and a decline in the value of the securities of Canadian Mining, as applicable.

#### *Permits and Licenses*

The operations of Canadian Mining may require licenses and permits from various governmental authorities. There can be no assurance that such licenses and permits as may be required to carry out exploration, development and mining operations at its projects will be granted.

#### *Competition*

The mineral industry is intensely competitive in all its phases. Canadian Mining must compete with many companies possessing greater financial resources and technical facilities for the acquisition of mineral and oil and gas concessions, claims, leases and other mineral interests as well as for the recruitment and retention of qualified employees.

In addition, there is no assurance that even if commercial quantities of zeolite or gold are discovered, a ready market will exist for their sale. Factors beyond the control of Canadian Mining may affect the marketability of any substances discovered. These factors include market fluctuations, the proximity and capacity of natural resource markets and processing equipment, government regulations, including regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting of minerals and environmental protection. The exact effect of these factors cannot be accurately predicted, but the combination of these factors may result in Canadian Mining not receiving an adequate return on invested capital or losing their investment capital.

#### *Environmental Regulations*

Canadian Mining's operations may be subject to environmental regulations promulgated by government agencies from time to time. Specific regulations govern air and water quality and land disturbance and provide for mine reclamation and closure costs. Environmental legislation 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 will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees. The cost

of compliance with changes in governmental regulations has a potential to reduce the profitability of operations. There is no assurance that future changes in environmental regulation, if any, will not adversely affect Canadian Mining's operations. Canadian Mining intends to fully comply with all environmental regulations.

#### *Fluctuating Price and Currency*

Canadian Mining's revenues, if any, are expected to be in large part derived from the mining and sale of zeolite and gold respectively. The price of those minerals has fluctuated widely, particularly in recent years, and is affected by numerous factors beyond Canadian Mining's control, including international economic and political trends, expectations of inflation, currency exchange fluctuations, interest rates, speculative activities and increased production due to new mine developments and improved mining and production methods. The effect of these factors on the price of base and precious metals as well as zeolite minerals and therefore the economic viability of any of Canadian Mining's projects cannot be accurately predicted.

#### *Reliance on Key Individuals*

Canadian Mining's success will depend to a certain degree upon certain key members of management. It is expected that several of Canadian Mining's key members of management will be the same as Canadian Zeolite's key members of management. These key members of management will be significant factors in Canadian Zeolite's and Canadian Mining'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 Canadian Mining.

#### *No Reserves*

All of the properties in which Canadian Mining holds an interest are considered to be in the exploration stage only and do not contain a known body of commercial ore. Mineral reserves are, in large part, 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 minerals, as well as increased production costs or reduced recovery rates may render ore 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 ore 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.

#### *Conflicts of Interest*

Certain of Canadian Mining's directors are also directors, officers or shareholders of other companies that are engaged in the business of acquiring, developing and exploiting natural resource properties. Such associations may give rise to conflicts of interest from time to time. Such a conflict poses the risk that Canadian Mining may enter into a transaction on terms which place Canadian Mining in a worse position than if no conflict existed. The directors are required by law to act honestly and in good faith with a view to the best interest of Canadian Mining and to disclose any interest which they may have in any project or opportunity of Canadian Mining, as applicable. However, each director has similar obligations to other companies for which such director serves as an officer or director. Canadian Mining does not have a specific internal policy governing conflicts of interest. As of the date of this Listing Application, no material conflicts of interest have arisen.

If a conflict of interest arises at a meeting of the Canadian Mining Board, any director in a conflict will disclose his or her interest and abstain from voting on such matter, in determining whether or not Canadian Mining will participate in any project or opportunity, the respective board of directors will primarily consider the degree of risk to which Canadian Mining may be exposed and their particular financial position at that time.

#### *Markets for Securities*

Canadian Mining is a private company, the shares of which are currently not listed for trading on any stock exchange. Accordingly, there is currently no public market for Canadian Mining's securities and there is no guarantee that there will ever be a public market for Canadian Mining's securities. While Canadian Mining is in the process of applying



to list the Canadian Mining Shares for trading on the Exchange following the completion of the Arrangement, listing is subject to Canadian Mining fulfilling the listing requirements of the Exchange. There can be no assurance Canadian Mining's efforts in this regard will be successful or that shareholders of Canadian Mining will ever be able to sell Canadian Mining Shares except in very limited circumstances. Even if the Exchange listing is achieved, there can be no assurance that an active trading market in any of Canadian Mining's securities will be established and/or sustained as Canadian Mining's listed securities will be subject to the same market factors as those applicable to other publicly listed companies.

*Stage of Development*

Canadian Mining is in the business of exploring for, with the ultimate goal of producing, gold, from their mineral exploration properties. The Bullard Pass Project has not commenced commercial production and Canadian Mining has no history of earnings or cash flow from their operations. As a result of the foregoing, there can be no assurance that Canadian Mining will be able to develop the Bullard Pass Project or that it will generate positive cash flow. Canadian Mining is unlikely to enjoy earnings or pay dividends in the immediate or foreseeable future. Canadian Mining will have limited cash and other assets. Investors in Canadian Mining must be prepared to rely solely upon the ability, expertise, judgment, discretion, integrity and good faith of management in all aspects of the development and implementation of Canadian Mining's business activities.

**ITEM 22: PROMOTERS**

There is no person presently, or within the past two years, who has acted as a promoter of Canadian Mining.

**ITEM 23: LEGAL PROCEEDINGS AND REGULATORY ACTIONS**

Canadian Mining is not a party to and has no property that is the subject of, any legal proceeding or regulatory action.

**ITEM 24: INTERESTS OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS**

The management of Canadian Mining is not aware of any material interest, direct or indirect, of any insider of Canadian Mining, or any Associate or Affiliate of any such Person, in any transaction since it was incorporated on April 26, 2013, or in any proposed transaction, except as noted in the previous section with respect to the Arrangement, that has materially affected or would materially affect Canadian Mining.

**ITEM 25: INVESTOR RELATIONS ARRANGEMENTS**

Canadian Mining does not have any written or oral agreement or understanding with any person to provide promotional or investor relation services to Canadian Mining.

## **ITEM 26: AUDITORS, TRANSFER AGENTS AND REGISTRARS**

The registrar and transfer agent for Canadian Mining is CST Trust Company, at its principal offices at 1066 West Hastings Street, Suite 1600, Vancouver, BC, V6E 3X1.

The auditors of Canadian Mining are Crowe MacKay LLP, at 1700 – 717 - 7<sup>th</sup> Avenue SW, Calgary, AB, T2P 0Z3.

## **ITEM 27: MATERIAL CONTRACTS**

Upon the completion of the Arrangement, the following agreements will be material contracts for Canadian Mining.

1. Vend-In Agreement dated February 17, 2017 between Canadian Zeolite Corp. and Canadian Mining Corp.
2. Arrangement Agreement dated February 17, 2017 between Canadian Zeolite Corp. and Canadian Mining Corp.

Attached as Schedules “C” and “D” to this Listing Application. Copies of these agreements will be available for inspection at the offices of Canadian Mining located at Suite 1400, 1111 West Georgia Street, Vancouver, BC, V6E 4M3.

## **ITEM 28: EXPERTS**

Canadian Mining has relied on certain tax advice from Crowe MacKay LLP in relation to the tax treatment of the Canadian Mining Shares following the Arrangement.

Canadian Mining has relied on the work of the Qualified Persons listed above under the heading “Mineral Properties” who reviewed and approved the scientific and technical information presented in this Listing Application which is derived from the Bullard Pass Property which is available for review under Canadian Zeolite’s profile on SEDAR at [www.sedar.com](http://www.sedar.com).

To the knowledge of the Canadian Mining, as of the date hereof:

- (a) the Qualified Person listed above under the heading “*Mineral Properties*” that prepared or contributed to the preparation of the Bullard Pass Property Technical Report, nor the company listed therein that employs that individual, holds a beneficial interest in, directly or indirectly, Canadian Mining Shares, or securities convertible into Canadian Mining Shares, equal to or greater than one percent of the issued and outstanding Canadian Mining Shares;
- (b) Crowe MacKay LLP, Chartered Accountants, have advised that they are independent of Canadian Mining within the meaning of the Rules of Professional Conduct of the Chartered Professional Accountants of Alberta; and
- (c) the partners and associates of Crowe MacKay LLP do not hold a beneficial interest in, directly or indirectly, Canadian Mining Shares, or securities convertible into Canadian Mining Shares, equal to or greater than one percent of the issued and outstanding Canadian Mining Shares.

## **ITEM 29: OTHER MATERIAL FACTS**

To the knowledge of the directors of Canadian Mining, there are no material facts about Canadian Mining or the Arrangement that are not disclosed above which are necessary in order for this Listing Application to contain full, true and plain disclosure of all material facts relating to Canadian Mining, assuming the completion of the Arrangement

## ITEM 31: EXEMPTIONS

### *Sponsorship Requirement for Canadian Mining*

In a letter to the Exchange dated December 20, 2016, Bayer Law Corporation, Legal Counsel for Canadian Zeolite, requested an exemption from the Sponsorship Requirement applicable to Canadian Mining. It was submitted that a sponsor is not required for the new listing given that it holds a 100% interest in the Bullard Pass Property and has updated an independent National Instrument 43-101 compliant technical report with a recommended work program. The Bullard Pass Property has been held by Canadian Zeolite, for almost a decade and the market and the Canadian Zeolite's shareholders have been consistently kept up to date on the status of the project through Canadian Zeolite's continuous disclosure documents. In addition, Canadian Mining's board will be composed of current and new individuals each of whom will have capital markets experience and collectively possess a mix of financial and technical know-how. The TSX-V granted this waiver in its May 11, 2017 letter providing conditional approval for the listing of the Canadian Mining common shares.

### *Prior Expenditures*

In the same letter to the Exchange dated, December 20, 2016, Bayer Law Corporation, Legal Counsel for Canadian Zeolite requested an exemption for prior expenditures. Canadian Zeolite has already spent approximately \$700,000 on exploration. Following 2010, due to the challenging nature of the capital markets, Canadian Zeolite was unable to secure funding to conduct further exploration. Rather than let the claims lapse, Canadian Zeolite maintained 22 claims in anticipation of the ability to either sell those claims or conduct the contemplated financing to raise approximately \$650,000 to fund the anticipated work program outlined in National Instrument 43-101 technical report. Given the amount of past expenditures and the fact that an independent technical report will contain a phased, recommended work program that will be funded through a concurrent equity financing, it was submitted that it was appropriate to grant a waiver from the prior expenditure requirements. The TSX-V granted this waiver in its May 11, 2017 letter providing conditional approval for the listing of the Canadian Mining common shares.

### *Exchange Escrow applicable to the shares of Canadian Mining*

Canadian Mining is a wholly owned subsidiary of Canadian Zeolite. Canadian Zeolite is proposing to spin out the Canadian Mining Shares by way of Plan of Arrangement whereby each of Canadian Zeolite's shareholders will be entitled to shares in Canadian Mining ("Arrangement Shares").

All of Canadian Zeolite's issued and outstanding common shares are free trading and only current holders of Canadian Zeolite's shares will be entitled to Arrangement Shares. Canadian Zeolite currently holds the assets that will be held by Canadian Mining and as such there is extensive disclosure related to those assets in Canadian Zeolite's public filings, including a NI 43-101 Technical Report filed on July 4<sup>th</sup>, 2008. Canadian Zeolite submits that the technical application of the Seed Share Resale Rules Matrix ("SSRRM") to the Arrangement Shares does not further any of the principles set out in Section 1.2 of TSX-V Policy 5.4. Specifically, Policy 5.4 is designed to impose escrow requirements on securities held by principals or non-principals that purchase shares at a discount to market in close

proximity to a Plan of Arrangement. Canadian Zeolite's shareholders being issued the Arrangement Shares did not purchase Canadian Mining Shares but are instead having them issued pursuant to a Plan of Arrangement.

### ITEM 32: FINANCIAL STATEMENT DISCLOSURE FOR ISSUERS

Please see Schedule "B" to this Listing Application.

### ITEM 33: SIGNIFICANT ACQUISITIONS

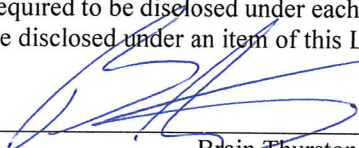

This Section is not applicable.

### ITEM 34: CERTIFICATES

#### CERTIFICATE OF THE COMPANY

**Dated: May 24, 2017**

Each of the undersigned hereby certifies that the foregoing constitutes full, true and plain disclosure of all information required to be disclosed under each item of this Listing Application and of any material fact not otherwise required to be disclosed under an item of this Listing Application.

  
\_\_\_\_\_  
Brian Thurston  
Chief Executive Officer  
\_\_\_\_\_  
Mark Groenewald  
Chief Financial Officer

On Behalf of the Board of Directors

  
\_\_\_\_\_  
Raymon Paquette  
Director  
\_\_\_\_\_  
Aman Parmar  
Director

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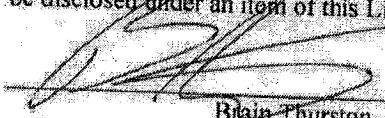
This Section is not applicable.

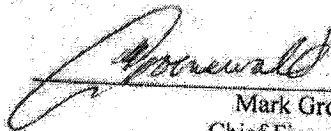
**ITEM 34: CERTIFICATES**

**CERTIFICATE OF THE COMPANY**

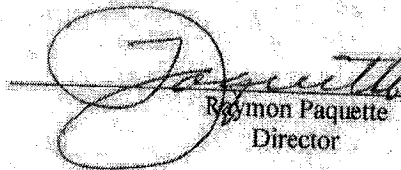
**Dated:** May 24, 2017


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\_\_\_\_\_  
Brian Thurston  
Chief Executive Officer

  
\_\_\_\_\_  
Mark Groenewald  
Chief Financial Officer

On Behalf of the Board of Directors

  
\_\_\_\_\_  
Raymond Paquette  
Director

  
\_\_\_\_\_  
Aman Parmar  
Director

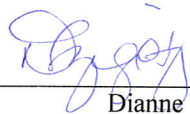
## PERSONAL INFORMATION COLLECTION POLICY

### CANADIAN MINING CORP.

“Personal Information” means any information about an identifiable individual.

The Applicant hereby represents and warrants that it has obtained all consents required under applicable law for the collection, use and disclosure by the Exchange of the Personal Information contained in or submitted pursuant to Canadian Mining Corp.’s Listing Application for the purposes described in Appendix “A” to the Exchange Form 2B Listing Application attached as Appendix “A” to this Personal Information Collection Policy.


Dated: May 24, 2017



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Dianne Szigety  
Corporate Secretary

On Behalf of the Board of Directors



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Raymon Paquette  
Director

## APPENDIX "A"

### FORM 2B PERSONAL INFORMATION COLLECTION POLICY

#### Collection, Use and Disclosure

TSX Venture Exchange Inc. and its affiliates, authorized agents, subsidiaries and divisions, including TSX Venture Exchange and Toronto Stock Exchange, (collectively referred to as the "Exchange") collect the information contained in or submitted pursuant to Form 2B (which may include personal, confidential, non-public or other information) and use it for the following purposes:

- to conduct background checks,
- to verify the Personal Information that has been provided about each individual,
- to consider the suitability of the individual to act as an officer, director, insider, promoter, investor relations provider or, as applicable, an employee or consultant, of the Applicant,
- to consider the eligibility of the Applicant to list on the Exchange,
- to provide disclosure to market participants as to the security holdings of directors, officers, other insiders and promoters of the Applicant, or its associates or affiliates, including information as to such individuals' involvement with any other reporting issuers
- to detect and prevent fraud, and
- to perform other investigations as required by and to ensure compliance with all applicable rules, policies, rulings and regulations of the Exchange, securities legislation and other legal and regulatory requirements governing the conduct and protection of the capital markets in Canada.

Personal Information the Exchange collects may also be disclosed:

- (a) to securities regulators and regulatory authorities in Canada or elsewhere, investigative, law enforcement or self-regulatory organizations, and each of their subsidiaries, affiliates, regulators and authorized agents, for the purposes described above, and these agencies and organizations may use the information in their own investigations;
- (b) on the Exchange's website or through printed materials published by or pursuant to the directions of the Exchange for the purposes described above; and
- (c) as otherwise permitted or required by law.

The Exchange may from time to time use third parties to process information or provide other administrative services. In this regard, the Exchange may share the information with such third party service providers for the purposes described above.

## **Questions**

If you have any questions or enquiries regarding the policy outlined above or about our privacy practices, please send a written request to: Chief Privacy Officer, TMX Group, The Exchange Tower, 130 King Street West, Toronto, Ontario, M5X 1J2.



**Schedule "A"**  
**Management's Discussion and Analysis for Canadian Mining Corp.**

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**Canadian Mining Corp. (formerly Canadian Zeolite Corp.)  
Management Discussion and Analysis  
For the year ended June 30, 2016 and 2015**

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The following discussion and analysis of the operations, results, and financial position of the Company for the year ended June 30, 2016 and 2015 should be read in conjunction with our Audited Consolidated Financial Statements and Related Notes for the years ended June 30, 2016 and June 30, 2015 which have been prepared under International Financial Reporting Standards ("IFRS"). This MD&A has been prepared as at March 23, 2017 unless otherwise indicated. All monetary amounts, unless otherwise indicated, are expressed in Canadian dollars. Additional regulatory filings for the Company can be found on the SEDAR website at [www.sedar.com](http://www.sedar.com). The Company's new website is at [www.canadianzeolite.com](http://www.canadianzeolite.com).

**Forward-Looking Statements**

Certain statements contained in this document constitute "forward-looking statements". When used in this document, the words "may", "would", "could", "will", "intend", "plan", "propose", "anticipate", "believe", "forecast", "estimate", "expect" and similar expressions, as they relate to the Company or its management, are intended to identify forward-looking statements. Such statements reflect the Company's current views with respect to future events and are subject to certain risks, uncertainties and assumptions. Many factors could cause the Company's actual results, performance or achievements to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements. Given these risks and uncertainties, readers are cautioned not to place undue reliance on such forward-looking statements. The Company does not intend, and does not assume any obligation, to update any such factors or to publicly announce the result of any revisions to any of the forward-looking statements contained herein to reflect future results, events or developments.

**Structure and Business Description**

Canadian Mining Corp. (the "Company" or "Canadian Mining") was incorporated in British Columbia under the name "Canadian Zeolite Corp." by Certificate of Incorporation dated April 26, 2013 issued pursuant to the provisions of the Business Corporations Act (BC). On February 8, 2016, the Company changed its corporate name to "Canadian Mining Company Inc." and on March 20, 2017 the Company changed its name to "Canadian Mining Corp."

The Company's head office, and registered and records office is located at Suite 1400, 1111 West Georgia Street, Vancouver, BC V6E 4M3.

The Company is a wholly owned subsidiary of Canadian Zeolite Corp., a reporting issuer in the Province of British Columbia, whose common shares are listed on the TSX Venture Exchange (the "Exchange") under the trading symbol "CNZ", the Frankfurt Exchange under the trading symbol "ZEON" and are quoted on the OTCQB in the United States under the symbol "CNZCF".

The common shares of the Company have not been registered under the United States Securities Act of 1933, as amended (the "1933 Act"), and the Company does not file periodic reports with the United States Securities and Exchange Commission (the "SEC") pursuant to the requirements of Sections 13 or 15(d) of the United States Securities Exchange Act of 1934, as amended (the "1934 Act").

The Company has a wholly-owned inactive Arizona subsidiary incorporated April 17, 2007 under the name Canadian Mining Company of Arizona Inc.

The Company's principal business activities are the evaluation, acquisition, exploration, development and operation of mineral properties in British Columbia and Arizona, U.S.A.

## Mineral Property

### ***Bullard Pass Property***

In 2007 the Company staked the DB 1 to 176 mineral claims totalling 3,420 acres and acquired 476.52 acres of Arizona State land under mineral exploration permit #08-111861, for total land holdings of 3,896.52 acres located in the vicinity of the Harcuvar and Harquahala Mountains, Yavapai County, Arizona (the "Bullard Pass Property").

The Company has subsequently reduced its ownership interest in the Bullard Pass Property to 22 claims.

## Results of Operations

The Company has not been actively involved in the development of its sole mineral property during the year ended June 30, 2016 and 2015. The Company has capitalized all costs related to the maintenance of the staked claims.

## Investor Relations

The Company's management is currently providing investor relations services.

## Selected Annual Information

	Jun 30, 2016	Jun 30, 2015	Jun 30, 2014
	(\$)	(\$)	(\$)
<b>Financial results</b>			
Net loss for the year	-	-	-
Basic and diluted loss per share	0.00	0.00	0.00
Exploration and evaluation expenditures	4,647	3,827	3,059
<b>Balance sheet data</b>			
Cash and cash equivalents	-	-	-
Working capital surplus (deficit)	-	-	-
Resource properties	11,533	6,886	3,059
Total assets	11,533	6,886	3,059
Deficit	-	-	-

### **Selected Quarterly Financial Data**

<b>Financial results:</b>	<b>Jun 30, 2016</b>	<b>Mar 31, 2016</b>	<b>Dec 31, 2015</b>	<b>Sep 30, 2015</b>	<b>Jun 30, 2015</b>	<b>Mar 31, 2015</b>	<b>Dec 31, 2014</b>	<b>Sep 30, 2014</b>
	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
Net loss for the period	-	-	-	-	-	-	-	-
Basic/Diluted loss per share	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Exploration and evaluation expenditures	4,647	-	-	-	3,827	-	-	-

<b>Balance sheet data:</b>	<b>Jun 30, 2016</b>	<b>Mar 31, 2016</b>	<b>Dec 31, 2015</b>	<b>Sep 30, 2015</b>	<b>Jun 30, 2015</b>	<b>Mar 31, 2015</b>	<b>Dec 31, 2014</b>	<b>Sep 30, 2014</b>
	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
Cash and cash equivalents	-	-	-	-	-	-	-	-
Mineral properties	11,533	6,886	6,886	6,886	6,886	3,059	3,059	3,059
Total assets	11,533	6,886	6,886	6,886	6,886	3,059	3,059	3,059
Shareholders' equity	100	100	100	100	100	100	100	100

### **Liquidity and Solvency**

The Company has an interest in one mineral property in Arizona, USA. The Company has no cash resources, and is funded solely by the parent company, Canadian Zeolite Corp.

### **Related party transactions**

(a) During the year ending June 30, 2016, the Company received advances from its parent company in the amount of \$4,647 (2015 - \$3,827)

### **Commitments**

The Company has no off balance sheet commitments.

### **Significant Accounting Policies**

The Company's significant accounting policies are provided in Note 3 to the consolidated financial statements.

### **Future Accounting Changes**

#### **Standards and interpretations issued but not yet effective**

The Company has adopted these accounting standards effective July 1, 2014. The adoption of the standards and amendments had no material impact on the consolidated financial statements.

**Amendments to IFRS 5 Non current Assets Held for Sale and Discontinued Operations**

These amendments clarify circumstances in which an entity reclassifies an asset (or disposal group) from held for sale to held for distribution (or vice versa), and in circumstances which an entity no longer meets the criteria for held for distribution.

**Amendments to IFRS 7 Financial Instruments**

These amendments clarify the applicability of the amendments to IFRS 7 Disclosure-Offsetting Financial Assets and Financial Liabilities to condensed interim financial statements.

**Amendments to IAS 19 Employee Benefits**

These amendments clarify the application of the requirements of IAS 19 Employee Benefits (2011) on determination of the discount rate to a regional market consisting of multiple countries sharing the same currency.

**Amendments to IAS 34 Interim Financial Reporting**

These amendments clarify the meaning of disclosure of information 'elsewhere in the interim financial report' and require a cross reference.

**Amendments to IFRS 11 Joint Arrangements**

These amendments require an acquirer of an interest in a joint operation in which the activity constitutes a business (as defined in IFRS 3) to: (a) apply all of the business combinations accounting principles in IFRS 3 and other IFRS standards, except for those principles that conflict with the guidance in IFRS 11; and (b) disclose the information required by IFRS 3 and other IFRS standards for business combinations. The amendments apply both to the initial acquisition of an interest in joint operation, and the acquisition of an additional interest in a joint operation (in the latter case, previously held interests are not re-measured).

**Amendments to IAS 27 Separate Financial Statements**

These amendments permit investments in subsidiaries, joint ventures and associates to be optionally accounted for using the equity method in separate financial statements.

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**Amendments to IAS 16 Property, Plant and Equipment**

These amendments clarify the acceptable methods of depreciation and amortization.

**Amendments to IFRS 10, IFRS 12, and IAS 28**

These amendments (Investment Entities: Applying the Consolidation Exception) clarify and confirm that: (1) the exemption from preparing consolidated financial statements for an intermediate parent entity is available to a parent entity that is a subsidiary of an investment entity, even if the investment entity measures all of its subsidiaries at fair value; (2) a subsidiary that provides services related to the parent's investment activities should not be consolidated if the subsidiary itself is an investment entity; (3) when applying the equity method to an associate or a joint venture, a non-investment entity investor in an investment entity may retain the fair value measurement applied by the associate or joint venture to its interests in subsidiaries; and (4) an investment entity measuring all of its subsidiaries at fair value provides the disclosures relating to investment entities required by IFRS 12.

**Amendments to IAS 38 Intangible Assets**

These amendments clarify the acceptable methods of depreciation and amortization.

**Standards and interpretations issued but not yet effective**

The following accounting standards and amendments are effective for future periods.

### **Amendments to IAS 7 Statement of Cash Flows**

These amendments (Disclosure Initiative) require that the following changes in liabilities arising from financing activities are disclosed (to the extent necessary): (i) changes from financing cash flows; (ii) changes arising from obtaining or losing control of subsidiaries or other businesses; (iii) the effect of changes in foreign exchange rates; (iv) changes in fair values; and (v) other changes. One way to fulfil the new disclosure requirement is to provide a reconciliation between the opening and closing balances in the statement of financial position for liabilities arising from financing activities. Finally, the amendments state that changes in liabilities arising from financing activities must be disclosed separately from changes in other assets and liabilities. This standard is effective for reporting periods beginning on or after January 1, 2017.

### **Amendments to IAS 12 Income Taxes**

These amendments, Recognition of Deferred Tax Assets for Unrealised Losses (Amendments to IAS 12), clarify how to account for deferred tax assets related to debt instruments measured at fair value. These amendments are effective for reporting periods beginning on or after January 1, 2017.

### **Amendments to IFRS 12 Disclosure of Interests in Other Entities**

These amendments clarify the scope of the standard by specifying that the disclosure requirements in the standard, except for those in paragraphs B10 - B16, apply to an entity's interests listed in paragraph 5 that are classified as held for sale, as held for distribution or as discontinued operations in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations. These amendments are effective for reporting periods beginning on or after January 1, 2017.

### **Amendments to IFRS 2 Share-based Payment**

These amendments added guidance that introduces accounting requirements for cash-settled share-based payments that follow the same approach as used for equity-settled share-based payments. They introduced an exception into IFRS 2 so that a share-based payment where the entity settles the share-based payment arrangement net is classified as equity-settled in its entirety, provided the share-based payment would have been classified as equity-settled had it not included the net settlement feature. Finally, they clarify the accounting treatment in situations where a cash-settled share-based payment changes to an equity-settled share-based payment because of modifications of the terms and conditions. These amendments are effective for reporting periods beginning on or after January 1, 2018.

### **IFRS 9 Financial Instruments**

This standard introduces new classification and measurement models for financial assets, using a single approach to determine whether a financial asset is measured at amortised cost or fair value. To be classified and measured at amortised cost, assets must satisfy the business model test for managing the financial assets and have certain contractual cash flow characteristics. All other financial instrument assets are to be classified and measured at fair value. This standard allows an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading) in other comprehensive income, with dividends as a return on these investments being recognised in profit or loss. In addition, those equity instruments measured at fair value through other comprehensive income would no longer have to apply any impairment requirements nor would there be any 'recycling' of gains or losses through profit or loss on disposal. The accounting for financial liabilities continues to be classified and measured in accordance with IAS 39, with one exception, being that the portion of a change of fair value relating to the entity's own credit risk is to be presented in other comprehensive income unless it would create an accounting mismatch. This standard is effective for reporting periods beginning on or after January 1, 2018.

### **IFRS 15 Revenue from Contracts with Customers**

The IASB issued IFRS 15, Revenue from Contracts with Customers, which provides a single principle-based framework to be applied to all contracts with customers. IFRS 15 replaces the previous revenue standard IAS 18, Revenue, and the related Interpretations on revenue recognition. The standard scopes out contracts that are considered to be lease contracts, insurance contracts and financial instruments. The new standard is a control-based model as compared to the existing revenue standard which is primarily focused on risks and rewards. Under the new standard, revenue is recognized when a customer obtains control of a good or service. Transfer of control occurs when the customer has the ability to direct the use of and obtain the benefits of the good or service. This standard is effective for reporting periods beginning on or after January 1, 2018.

### **Amendments to IAS 40 Investment Property**

These amendments specify that a transfer into, or out of investment property should be made only when there has been a change in use of the property; and such a change in use would involve an assessment of whether the property qualifies as an investment property. That change in use should be supported by evidence. These amendments are effective for reporting periods beginning on or after January 1, 2018.

### **Amendments to IAS 28 Investments in Associates and Joint Ventures**

These amendments clarify that the election to measure at fair value through profit or loss an investment in an associate or a joint venture that is held by an entity that is a venture capital organisation, or other qualifying entity, is available for each investment in an associate or joint venture on an investment-by-investment basis, upon initial recognition. These amendments are effective for reporting periods beginning on or after January 1, 2018.

### **IFRIC 22 Foreign Currency Transactions and Advance Consideration**

This interpretation clarifies the accounting for transactions that include the receipt or payment of advance consideration in a foreign currency. It covers foreign currency transactions when an entity recognizes a non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration before the entity recognises the related asset, expense or income. It does not apply when an entity measures the related asset, expense or income on initial recognition at fair value or at the fair value of the consideration received or paid at a date other than the date of initial recognition of the non-monetary asset or non-monetary liability. Also, the Interpretation need not be applied to income taxes, insurance contracts or reinsurance contracts. This interpretation is effective for reporting periods beginning on or after January 1, 2018.

### **IFRS 16 Leases**

IFRS 16 was issued in January 2016 and specifies how an IFRS reporter will recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17. This standard is effective for reporting periods beginning on or after January 1, 2019.

### **Additional Information**

Other additional information relating to Canadian Mining Corp. may be found on SEDAR at [www.sedar.com](http://www.sedar.com) and on the Company's website at [www.canadianzeolite.com](http://www.canadianzeolite.com).

### **Critical Accounting Estimates**

The preparation of consolidated financial statements requires the Company, in conformity with International Financial Reporting Standards, to select from possible alternative accounting principles, and to make estimates and assumptions which affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and revenues and expenses for the periods reported. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in operations in the period in which they become known. The Company's accounting policies and estimates used in the preparation of the consolidated financial statements are considered appropriate in the circumstances, but are subject to judgments and uncertainties inherent in the financial reporting process.

The consolidated financial statements include the accounts of the Company and its wholly-owned inactive subsidiary, Canadian Mining Company of Arizona Inc.. All significant inter-Company transactions and balances have been eliminated upon consolidation.

### **Mineral exploration and evaluation expenditures**

#### **Pre-exploration Costs**

Pre-exploration costs are expensed in the period in which they are incurred.

### **Exploration and Evaluation Expenditures**

Once the legal right to explore a property has been acquired, costs directly related to exploration and evaluation expenditures ("E&E") are recognized and capitalized, in addition to the acquisition costs. These direct expenditures include such costs as materials used, surveying costs, drilling costs, payments made to contractors and depreciation on plant and equipment during the exploration phase. Costs not directly attributable to exploration and evaluation activities, including general administrative overhead costs and share based payments to employees and consultants, are expensed in the period in which they occur.

When a project is deemed to no longer have commercially viable prospects to the Company, exploration and evaluation expenditures in respect of that project are deemed to be impaired. As a result, those exploration and evaluation expenditure costs, in excess of estimated recoveries, are written off to the statement of operations and comprehensive loss.

The Company assesses exploration and evaluation assets for impairment when facts and circumstances suggest that the carrying amount of an asset may exceed its recoverable amount.

Once the technical feasibility and commercial viability of extracting the mineral resource has been determined, the property is considered to be a mine under development and is classified as "mines under construction". Exploration and evaluation assets are also tested for impairment before the assets are transferred to development properties.

As the Company currently has no operational income, any incidental revenues earned in connection with exploration activities are applied as a reduction to capitalized exploration costs.

Mineral exploration and evaluation expenditures are classified as intangible assets.

### **Disclosure and Internal Controls**

Disclosure controls and procedures have been established to provide reasonable assurance that material information relating to the Company is made known to management, particularly during the period in which annual filings are being prepared. Furthermore, internal controls have been established to ensure the Company's assets are safeguarded and to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with IRFS.

### **Risks and Uncertainties**

The Company is in the mineral exploration and development business and as such is exposed to a number of risks and uncertainties that are not uncommon to other companies in the same type of business. Some of the possible risks include the following:

- The industry is capital intensive and subject to fluctuations in metal prices, market sentiment, foreign exchange and interest rates.
- The only source of future funds for further exploration programs, or if such exploration programs are successful for the development of economic ore bodies and commencement of commercial production thereon, which are presently available to the Company are the sale of equity capital or the offering by the Company of an interest in its properties to be earned by another party carrying out further exploration or development.
- Any future equity financings by the Company for the purpose of raising additional capital may result in substantial dilution to the holdings of existing shareholders.



- The Company must comply with environmental regulations governing air and water quality and land disturbance and provide for mine reclamation and closure costs.
- The operations of the Company will require various licenses and permits from various governmental authorities. There is no assurance that the Company will be successful in obtaining the necessary licenses and permits to continue its exploration and development activities in the future.
- There is no certainty that the properties which the Company has deferred as assets on its statement of financial position will be realized at the amounts recorded. These amounts should not be taken to reflect realizable value.

Should one or more of these risks and uncertainties materialize, or should underlying assumptions prove incorrect, then actual results may vary materially from those described on forward-looking statements. The Company has not completed a feasibility study on any of its deposits to determine if it hosts a mineral resource that can be economically developed and profitably mined.

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

The information provided in this report, including the consolidated financial statements, is the responsibility of management. In the preparation of these consolidated statements, estimates are sometimes necessary to make a determination of future values for certain assets or liabilities. Management believes such estimates have been based on careful judgments and have been properly reflected in the accompanying consolidated financial statements.

Management maintains a system of internal controls to provide reasonable assurance that the Company's assets are safeguarded and to facilitate the preparation of relevant and timely information. The Company's CEO and CFO have confirmed to the Company that they are satisfied with the effectiveness of the Company's system of disclosure controls and procedures as at June 30, 2016 and 2015 based upon their evaluation of the effectiveness of such disclosure controls and procedures.

### **Approval**

The Board of Directors oversees management's responsibility for financial reporting and internal control systems through an Audit Committee. This Committee meets periodically with management and annually with the independent auditors to review the scope and results of the annual audit and to review the consolidated financial statements and related financial reporting and internal control matters before the financial statements are approved by the Board of Directors and submitted to the shareholders of the Company. The Board of Directors of the Company has approved the consolidated financial statements and the disclosure contained in this MD&A. A copy of this MD&A will be provided to anyone who requests it.

### **Off-Balance Sheet Arrangements**

The Company did not enter into any off-balance sheet arrangements during the year.

### **Share Capital Information**

The Company is authorized to issue an unlimited number of common shares without par value.

At June 30, 2015, June 30, 2016 and March 23, 2017:

The Company had 100 common shares issued and outstanding.

**Canadian Mining Corp. (formerly Canadian Zeolite Corp.)  
Management Discussion and Analysis  
For the six months ending December 31, 2016**

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The following discussion and analysis of the operations, results, and financial position of the Company for the six months ending December 31, 2016 should be read in conjunction with our Interim Consolidated Financial Statements for the six months ending December 31, 2016 and the Audited Consolidated Financial Statements and Related Notes for the years ended June 30, 2016 and June 30, 2015 which have been prepared under International Financial Reporting Standards ("IFRS"). This MD&A has been prepared as at March 23, 2017 unless otherwise indicated. All monetary amounts, unless otherwise indicated, are expressed in Canadian dollars. Additional regulatory filings for the Company can be found on the SEDAR website at [www.sedar.com](http://www.sedar.com). The Company's new website is at [www.canadianzeolite.com](http://www.canadianzeolite.com).

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The common shares of the Company have not been registered under the United States Securities Act of 1933, as amended (the "1933 Act"), and the Company does not file periodic reports with the United States Securities and Exchange Commission (the "SEC") pursuant to the requirements of Sections 13 or 15(d) of the United States Securities Exchange Act of 1934, as amended (the "1934 Act").

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## Mineral Property

### ***Bullard Pass Property***

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The Company has subsequently reduced its ownership interest in the Bullard Pass Property to 22 claims.

## Results of Operations

The Company has not been actively involved in the development of its sole mineral property during the six months ending December 31, 2016. The Company has capitalized all costs related to the maintenance of the staked claims.

## Investor Relations

The Company's management is currently providing investor relations services.

## Selected Quarterly Financial Data

<b>Financial results:</b>	<b>Dec 31, 2016</b>	<b>Sep 30, 2016</b>	<b>Jun 30, 2016</b>	<b>Mar 31, 2016</b>	<b>Dec 31, 2015</b>	<b>Sep 30, 2015</b>	<b>Jun 30, 2015</b>	<b>Mar 31, 2015</b>
	<b>(\$)</b>	<b>(\$)</b>	<b>(\$)</b>	<b>(\$)</b>	<b>(\$)</b>	<b>(\$)</b>	<b>(\$)</b>	<b>(\$)</b>
Net loss for the period	7,315	-	-	-	-	-	-	-
Basic/Diluted loss per share	73.15	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Exploration and evaluation expenditures (recoveries)	4,710	-	4,647	-	-	-	3,827	-
<b>Balance sheet data:</b>	<b>Dec 31, 2016</b>	<b>Sep 30, 2016</b>	<b>Jun 30, 2016</b>	<b>Mar 31, 2016</b>	<b>Dec 31, 2015</b>	<b>Sep 30, 2015</b>	<b>Jun 30, 2015</b>	<b>Mar 31, 2015</b>
	<b>(\$)</b>	<b>(\$)</b>	<b>(\$)</b>	<b>(\$)</b>	<b>(\$)</b>	<b>(\$)</b>	<b>(\$)</b>	<b>(\$)</b>
Mineral properties	16,243	11,533	11,533	6,886	6,886	6,886	6,886	3,059
Total assets	16,243	11,533	11,533	6,886	6,886	6,886	6,886	3,059
Shareholders' equity	(7,215)	100	100	100	100	100	100	100

## Liquidity and Solvency

The Company has an interest in one mineral property in Arizona, USA. The Company has no cash resources, and is funded solely by the parent company, Canadian Zeolite Corp.

### **Related party transactions**

(a) During the period ending December 31, 2016, the Company received advances from its parent company in the amount of \$12,025 (2015 - \$Nil)

### **Commitments**

The Company has no off balance sheet commitments.

### **Significant Accounting Policies**

The Company's significant accounting policies are provided in Note 3 to the consolidated financial statements for the six months ended December 31, 2016.

### **Future Accounting Changes**

The Company has adopted these accounting standards effective July 1, 2016. The adoption of the standards and amendments had no material impact on the consolidated financial statements.

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### **Amendments to IAS 12 Income Taxes**

These amendments, Recognition of Deferred Tax Assets for Unrealised Losses (Amendments to IAS 12), clarify how to account for deferred tax assets related to debt instruments measured at fair value. These amendments are effective for reporting periods beginning on or after January 1, 2017.

### **Amendments to IFRS 12 Disclosure of Interests in Other Entities**

These amendments clarify the scope of the standard by specifying that the disclosure requirements in the standard, except for those in paragraphs B10 - B16, apply to an entity's interests listed in paragraph 5 that are classified as held for sale, as held for distribution or as discontinued operations in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations. These amendments are effective for reporting periods beginning on or after January 1, 2017.

### **Amendments to IFRS 2 Share-based Payment**

These amendments added guidance that introduces accounting requirements for cash-settled share-based payments that follow the same approach as used for equity-settled share-based payments. They introduced an exception into IFRS 2 so that a share-based payment where the entity settles the share-based payment arrangement net is classified as equity-settled in its entirety, provided the share-based payment would have been classified as equity-settled had it not included the net settlement feature. Finally, they clarify the accounting treatment in situations where a cash-settled share-based payment changes to an equity-settled share-based payment because of modifications of the terms and conditions. These amendments are effective for reporting periods beginning on or after January 1, 2018.

### **IFRS 9 Financial Instruments**

This standard introduces new classification and measurement models for financial assets, using a single approach to determine whether a financial asset is measured at amortised cost or fair value. To be classified and measured at amortised cost, assets must satisfy the business model test for managing the financial assets and have certain contractual cash flow characteristics. All other financial instrument assets are to be classified and measured at fair value. This standard allows an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading) in other comprehensive

income, with dividends as a return on these investments being recognised in profit or loss. In addition, those equity instruments measured at fair value through other comprehensive income would no longer have to apply any impairment requirements nor would there be any 'recycling' of gains or losses through profit or loss on disposal. The accounting for financial liabilities continues to be classified and measured in accordance with IAS 39, with one exception, being that the portion of a change of fair value relating to the entity's own credit risk is to be presented in other comprehensive income unless it would create an accounting mismatch. This standard is effective for reporting periods beginning on or after January 1, 2018.

#### **IFRS 15 Revenue from Contracts with Customers**

The IASB issued IFRS 15, Revenue from Contracts with Customers, which provides a single principle-based framework to be applied to all contracts with customers. IFRS 15 replaces the previous revenue standard IAS 18, Revenue, and the related Interpretations on revenue recognition. The standard scopes out contracts that are considered to be lease contracts, insurance contracts and financial instruments. The new standard is a control-based model as compared to the existing revenue standard which is primarily focused on risks and rewards. Under the new standard, revenue is recognized when a customer obtains control of a good or service. Transfer of control occurs when the customer has the ability to direct the use of and obtain the benefits of the good or service. This standard is effective for reporting periods beginning on or after January 1, 2018.

#### **Amendments to IAS 40 Investment Property**

These amendments specify that a transfer into, or out of investment property should be made only when there has been a change in use of the property; and such a change in use would involve an assessment of whether the property qualifies as an investment property. That change in use should be supported by evidence. These amendments are effective for reporting periods beginning on or after January 1, 2018.

#### **Amendments to IAS 28 Investments in Associates and Joint Ventures**

These amendments clarify that the election to measure at fair value through profit or loss an investment in an associate or a joint venture that is held by an entity that is a venture capital organisation, or other qualifying entity, is available for each investment in an associate or joint venture on an investment-by-investment basis, upon initial recognition. These amendments are effective for reporting periods beginning on or after January 1, 2018.

#### **IFRIC 22 Foreign Currency Transactions and Advance Consideration**

This interpretation clarifies the accounting for transactions that include the receipt or payment of advance consideration in a foreign currency. It covers foreign currency transactions when an entity recognizes a non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration before the entity recognises the related asset, expense or income. It does not apply when an entity measures the related asset, expense or income on initial recognition at fair value or at the fair value of the consideration received or paid at a date other than the date of initial recognition of the non-monetary asset or non-monetary liability. Also, the Interpretation need not be applied to income taxes, insurance contracts or reinsurance contracts. This interpretation is effective for reporting periods beginning on or after January 1, 2018.

#### **IFRS 16 Leases**

IFRS 16 was issued in January 2016 and specifies how an IFRS reporter will recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17. This standard is effective for reporting periods beginning on or after January 1, 2019.

### **Additional Information**

Other additional information relating to Canadian Zeolite Corp. may be found on SEDAR at [www.sedar.com](http://www.sedar.com) and on the Company's website at [www.canadianzeolite.com](http://www.canadianzeolite.com).

### **Critical Accounting Estimates**

The preparation of consolidated financial statements requires the Company, in conformity with International Financial Reporting Standards, to select from possible alternative accounting principles, and to make estimates and assumptions which affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and revenues and expenses for the periods reported. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in operations in the period in which they become known. The Company's accounting policies and estimates used in the preparation of the consolidated financial statements are considered appropriate in the circumstances, but are subject to judgments and uncertainties inherent in the financial reporting process.

The consolidated financial statements include the accounts of the Company and its wholly-owned inactive subsidiary, Canadian Mining Company of Arizona Inc. All significant inter-Company transactions and balances have been eliminated upon consolidation.

### **Mineral exploration and evaluation expenditures**

#### **Pre-exploration Costs**

Pre-exploration costs are expensed in the period in which they are incurred.

#### **Exploration and Evaluation Expenditures**

Once the legal right to explore a property has been acquired, costs directly related to exploration and evaluation expenditures ("E&E") are recognized and capitalized, in addition to the acquisition costs. These direct expenditures include such costs as materials used, surveying costs, drilling costs, payments made to contractors and depreciation on plant and equipment during the exploration phase. Costs not directly attributable to exploration and evaluation activities, including general administrative overhead costs and share based payments to employees and consultants, are expensed in the period in which they occur.

When a project is deemed to no longer have commercially viable prospects to the Company, exploration and evaluation expenditures in respect of that project are deemed to be impaired. As a result, those exploration and evaluation expenditure costs, in excess of estimated recoveries, are written off to the statement of operations and comprehensive loss.

The Company assesses exploration and evaluation assets for impairment when facts and circumstances suggest that the carrying amount of an asset may exceed its recoverable amount.

Once the technical feasibility and commercial viability of extracting the mineral resource has been determined, the property is considered to be a mine under development and is classified as "mines under construction". Exploration and evaluation assets are also tested for impairment before the assets are transferred to development properties.

As the Company currently has no operational income, any incidental revenues earned in connection with exploration activities are applied as a reduction to capitalized exploration costs.

Mineral exploration and evaluation expenditures are classified as intangible assets.

### **Disclosure and Internal Controls**

Disclosure controls and procedures have been established to provide reasonable assurance that material information relating to the Company is made known to management, particularly during the period in which annual filings are being prepared. Furthermore, internal controls have been established to ensure the

Company's assets are safeguarded and to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with IRFS.

### **Risks and Uncertainties**

The Company is in the mineral exploration and development business and as such is exposed to a number of risks and uncertainties that are not uncommon to other companies in the same type of business. Some of the possible risks include the following:

- The industry is capital intensive and subject to fluctuations in metal prices, market sentiment, foreign exchange and interest rates.
- The only source of future funds for further exploration programs, or if such exploration programs are successful for the development of economic ore bodies and commencement of commercial production thereon, which are presently available to the Company are the sale of equity capital or the offering by the Company of an interest in its properties to be earned by another party carrying out further exploration or development.
- Any future equity financings by the Company for the purpose of raising additional capital may result in substantial dilution to the holdings of existing shareholders.
- The Company must comply with environmental regulations governing air and water quality and land disturbance and provide for mine reclamation and closure costs.
- The operations of the Company will require various licenses and permits from various governmental authorities. There is no assurance that the Company will be successful in obtaining the necessary licenses and permits to continue its exploration and development activities in the future.
- There is no certainty that the properties which the Company has deferred as assets on its balance sheet will be realized at the amounts recorded. These amounts should not be taken to reflect realizable value.

Should one or more of these risks and uncertainties materialize, or should underlying assumptions prove incorrect, then actual results may vary materially from those described on forward-looking statements. The Company has not completed a feasibility study on any of its deposits to determine if it hosts a mineral resource that can be economically developed and profitably mined.

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

The information provided in this report, including the consolidated financial statements, is the responsibility of management. In the preparation of these consolidated statements, estimates are sometimes necessary to make a determination of future values for certain assets or liabilities. Management believes such estimates have been based on careful judgments and have been properly reflected in the accompanying consolidated financial statements.

Management maintains a system of internal controls to provide reasonable assurance that the Company's assets are safeguarded and to facilitate the preparation of relevant and timely information. The Company's CEO and CFO have confirmed to the Company that they are satisfied with the effectiveness of the Company's system of disclosure controls and procedures as at June 30, 2016 based upon their evaluation of the effectiveness of such disclosure controls and procedures.

### **Approval**

The Board of Directors oversees management's responsibility for financial reporting and internal control systems through an Audit Committee. This Committee meets periodically with management and annually with the independent auditors to review the scope and results of the annual audit and to review the consolidated financial statements and related financial reporting and internal control matters before the financial statements are approved by the Board of Directors and submitted to the shareholders of the



Company. The Board of Directors of the Company has approved the consolidated financial statements and the disclosure contained in this MD&A. A copy of this MD&A will be provided to anyone who requests it.

**Off-Balance Sheet Arrangements**

The Company did not enter into any off-balance sheet arrangements during the year.

**Share Capital Information**

The Company is authorized to issue an unlimited number of common shares without par value.

At December 31, 2016 and March 23, 2017:

The Company had 100 common shares issued and outstanding.

**Schedule "B"**  
**Financial Statement Disclosure for Canadian Mining Corp.**

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**Canadian Mining Corp.**

(Formerly Canadian Zeolite Corp.)

**Consolidated Financial Statements**  
*(Expressed in Canadian Dollars)*

**For the years ending June 30, 2016 and 2015**



Crowe MacKay LLP  
Member Crowe Horwath International

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## Independent Auditors' Report

### To the Shareholders of Canadian Mining Corporation

We have audited the accompanying consolidated financial statements of Canadian Mining Corporation and its subsidiary, which comprise the consolidated statements of financial position as at June 30, 2016, June 30, 2015 and June 30, 2014, and the consolidated statements of operations and comprehensive loss, changes in equity and cash flows for the years ended June 30, 2016 and June 30, 2015, and a summary of significant accounting policies and other explanatory information.

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

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated 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 consolidated 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 audits to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements present fairly, in all material respects, the financial position of Canadian Mining Corporation and its subsidiary as at June 30, 2016, June 30, 2015 and June 30, 2014 and its financial performance and its cash flows for the years ended June 30, 2016 and June 30, 2015, in accordance with International Financial Reporting Standards.

#### Emphasis of matter

Without modifying our opinion, we draw attention to Note 1 to the consolidated financial statements which describes the material uncertainty that may cast significant doubt about the ability of Canadian Mining Corporation to continue as a going concern.

*Crowe MacKay LLP*

Calgary, Canada  
March 23, 2017

Chartered Professional Accountants

**Canadian Mining Corp.**  
(formerly Canadian Zeolite Corp.)

**Consolidated Statements of Operations and Comprehensive Loss**  
(Expressed in Canadian Dollars)

<b>Year ending June 30,</b>	<b>2016</b>	<b>2015</b>
<b>Expenses (income)</b>		
Administrative	\$ -	\$ -
Management	-	-
Consulting	-	-
Share-based compensation	-	-
Interest	-	-
<b>Net loss and comprehensive loss</b>	\$ -	\$ -
<b>Loss per share - basic and diluted</b>	\$ 0.00	\$ 0.00
<b>Weighted average number of common shares outstanding</b>	<b>100</b>	<b>100</b>

**Canadian Mining Corp.**  
(formerly Canadian Zeolite Corp.)

**Consolidated Statements of Financial Position**  
(Expressed in Canadian Dollars)

	June 30, 2016	June 30, 2015	June 30, 2014
<b>Assets</b>			
<b>Non-current</b>			
Exploration and evaluation assets (note 5)	\$ 11,533	\$ 6,886	\$ 3,059
	\$ 11,533	\$ 6,886	\$ 3,059
<b>Liabilities</b>			
<b>Current</b>			
Related party loans and advances (note 6)	\$ 11,433	\$ 6,786	\$ 2,959
<b>Shareholders Equity</b>			
Share capital (note 7)	100	100	100
Deficit	-	-	-
	100	100	100
	\$ 11,533	\$ 6,886	\$ 3,059

Nature of operations and going concern (note 1)  
Commitments (note 10)  
Subsequent events (note 9)

These consolidated financial statements were authorized for issue by the Board of Directors on March 23, 2017. They are signed on behalf of the Board of Directors by:

(Signed) "*Brian Thurston*", Director

(Signed) "*Ray Paquette*", Director

**Canadian Mining Corp.**  
(formerly Canadian Zeolite Corp.)

**Consolidated Statements of Cash Flows**  
(Expressed in Canadian Dollars)

<b>For the years ended June 30,</b>	<b>2016</b>	<b>2015</b>
<b>Cash provided by (used for):</b>		
<b>Operating activities</b>		
Net loss	\$ -	\$ -
Changes in non-cash working capital items	-	-
Receivables	-	-
Accounts payable and accrued liabilities	-	-
Prepaid expenses	-	-
	-	-
<b>Financing activities</b>		
Related party loans and advances	4,647	3,827
	4,647	3,827
<b>Investing activities</b>		
Exploration and evaluation expenditures paid	(4,647)	(3,827)
	(4,647)	(3,827)
<b>Increase (decrease) in cash and cash equivalents</b>	-	-
<b>Cash and cash equivalents, beginning of year</b>	-	-
<b>Cash and cash equivalents, end of year</b>	\$ -	\$ -

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**Canadian Mining Corp.**  
(formerly Canadian Zeolite Corp.)

**Consolidated Statements of Changes in Equity**  
*(Expressed in Canadian Dollars)*

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**For the years ended June 30, 2016 and 2015**

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	<b>Shares number</b>	<b>Share capital \$</b>	<b>Contributed surplus \$</b>	<b>Deficit \$</b>	<b>Total \$</b>
<b>Balance June 30, 2014</b>	100	100	-	-	100
Net loss and comprehensive loss	-	-	-	-	-
<b>Balance June 30, 2015</b>	100	100	-	-	100
Net loss and comprehensive loss	-	-	-	-	-
<b>Balance June 30, 2016</b>	<b>100</b>	<b>100</b>	-	-	<b>100</b>

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**Canadian Mining Corp.**  
(formerly Canadian Zeolite Corp.)

**Notes to the Consolidated Financial Statements**

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**For the years ended June 30, 2016 and 2015**

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**1. Nature of operations and going concern**

Canadian Mining Company Inc. (formerly Canadian Zeolite Corp.) (the "Company" or "Canadian Mining") was incorporated on April 26, 2013 and is a wholly owned subsidiary of Canadian Zeolite Corp., a reporting issuer in British Columbia and Alberta which trades on the TSX Venture Exchange under the symbol CNZ. The Company is an exploration stage public company whose principal business activities are the acquisition, exploration and evaluation of mineral properties.

The head office of the Company is located at Suite 1400, 1111 West Georgia Street, Vancouver, British Columbia, Canada V6E 4M3. The registered and records office is located at Suite 1400, 1111 West Georgia Street, Vancouver, B.C. V6E 4M3.

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

Several adverse conditions cast significant doubt on the validity of the going concern assumption. The Company has not generated revenue from operations. These circumstances lend substantial doubt as to the ability of the Company to meet its ongoing obligations as they come due, and accordingly, the appropriateness of the use of accounting principles applicable to a going concern. The Company's ability to continue as a going concern is dependent upon raising additional capital to meet its present and future commitments, the continued support of certain shareholders and trade creditors and on achieving profitable commercial operations.

The recoverability of the amounts reported for exploration and evaluation assets is dependent upon the quantity of economically recoverable resources, the ability of the Company to obtain financing to complete exploration and development of the properties, the timing of legislative or regulatory developments relating to environmental protection and achieving future profitable operations or receiving favourable proceeds from the disposition thereon.

The consolidated financial statements do not reflect adjustments to the carrying values of assets and liabilities that would be necessary if the Company were unable to continue as a going concern and achieve profitable mining operations or obtain adequate financing and support from its shareholders and trade creditors.

If the going concern assumption was not appropriate for these consolidated financial statements, adjustments would be necessary to the carrying values of assets and liabilities, net loss and comprehensive loss, and statements of financial position classifications used.

**Notes to the Consolidated Financial Statements**

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**For the years ended June 30, 2016 and 2015**

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**2. Basis of presentation**

**Statement of compliance**

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

**Approval of consolidated financial statements**

The consolidated financial statements were reviewed by the Audit Committee and approved and authorized for issue by the Board of Directors on March 23, 2017.

**Basis of consolidation**

These consolidated financial statements include the accounts of the Canadian Mining Corp. and its wholly-owned inactive subsidiary, Canadian Mining Company of Arizona Inc. All significant inter-company transactions and balances have been eliminated upon consolidation.

**Basis of measurement**

The accounting policies applied in these consolidated financial statements are presented in note 3 and are based on IFRS issued and outstanding as of March 23, 2017. These consolidated financial statements have been prepared on an accrual basis and are based on historical costs, modified where applicable. These consolidated financial statements are presented in Canadian dollars, which is also the Company's functional currency.

**Significant accounting estimates and judgments**

The preparation of financial statements in compliance with IFRS requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. These consolidated 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. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

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**Canadian Mining Corp.**  
(formerly Canadian Zeolite Corp.)

**Notes to the Consolidated Financial Statements**

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**For the years ended June 30, 2016 and 2015**

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**3. Significant accounting policies**

**Financial instruments**

All financial instruments are initially recognized at fair value on the consolidated statement of financial position. The Company has classified each financial instrument into one of the following categories: (1) financial assets or liabilities at fair value through profit or loss ("FVTPL"), (2) loans and receivables, (3) financial assets available-for-sale, (4) financial assets held-to-maturity, and (5) other financial liabilities. Subsequent measurement of financial instruments is based on their classification.

Financial assets and liabilities at FVTPL are subsequently measured at fair value with changes in those fair values recognized in net earnings. Financial assets "available-for-sale" are subsequently measured at fair value with changes in fair value recognized in other comprehensive income (loss), net of tax. Financial assets "held-to-maturity", "loans and receivables", and "other financial liabilities" are subsequently measured at amortized cost using the effective interest method.

*Fair value hierarchy*

The Company uses the following hierarchy for determining and disclosing the fair value of the financial instruments by valuation technique:

- (i) Level 1 – Applies to assets or liabilities for which there are quoted prices in active markets for identical assets or liabilities.
- (ii) Level 2 – Applies to assets or liabilities for which there are inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly such as quoted prices for similar assets or liabilities in active markets or indirectly such as quoted prices for identical assets or liabilities in markets with insufficient volume or infrequent transactions.
- (iii) Level 3 – Applies to assets or liabilities for which there are unobservable market data.

The Company has classified its related party loans and advances as other financial liabilities, which are measured at amortized cost.

The Company's financial instruments at June 30, 2016 are as follows:

	<b>Loans and receivables</b>	<b>Available for sale</b>	<b>Fair value through profit or loss</b>	<b>Other financial liabilities</b>
<b>Financial assets</b>				
<b>Financial liabilities</b>				
Related party loans and advances	\$ -	\$ -	\$ -	\$ 11,433

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**Canadian Mining Corp.**  
(formerly Canadian Zeolite Corp.)

**Notes to the Consolidated Financial Statements**

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**For the years ended June 30, 2016 and 2015**

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**3. Significant accounting policies (continued)**

**Financial instruments (continued)**

The Company's financial instruments at June 30, 2015 are as follows:

	<b>Loans and receivables</b>	<b>Available for sale</b>	<b>Fair value through profit or loss</b>	<b>Other financial liabilities</b>
<b>Financial liabilities</b>				
Related party loans and advances	\$ -	\$ -	\$ -	\$ 6,786

Unless otherwise disclosed their carrying values approximate their fair values due to the short-term nature of these instruments.

**Cash and cash equivalents**

Cash and cash equivalents includes cash on hand, deposits held with financial institutions and other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and subject to an insignificant risk of change in value.

**Exploration and evaluation assets**

**Pre-exploration costs**

Pre-exploration costs are expensed in the period in which they are incurred.

**Exploration and evaluation assets and expenditures**

Once the legal right to explore a property has been acquired, costs directly related to exploration and evaluation expenditures ("E&E") are recognized and capitalized, in addition to the acquisition costs. These direct expenditures include such costs as materials used, surveying costs, drilling costs, payments made to contractors and depreciation on plant and equipment during the exploration phase. Costs not directly attributable to exploration and evaluation activities, including general administrative overhead costs and share based payments to employees and consultants, are expensed in the period in which they occur.

When a project is deemed to no longer have commercially viable prospects to the Company, exploration and evaluation expenditures in respect of that project are deemed to be impaired. As a result, those exploration and evaluation expenditure costs, in excess of estimated recoveries, are written off to the statement of operations and comprehensive loss.

The Company assesses exploration and evaluation assets for impairment when facts and circumstances suggest that the carrying amount of an asset may exceed its recoverable amount.

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**Notes to the Consolidated Financial Statements**

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**For the years ended June 30, 2016 and 2015**

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**3. Significant accounting policies (continued)**

**Exploration and evaluation assets and expenditures (continued)**

Once the technical feasibility and commercial viability of extracting the mineral resource has been determined, the property is considered to be a mine under development and is classified as "mines under construction". Exploration and evaluation assets are also tested for impairment before the assets are transferred to development properties.

As the Company currently has no operational income, any incidental revenues earned in connection with exploration activities are applied as a reduction to capitalized exploration costs.

Mineral exploration and evaluation expenditures are classified as intangible assets.

**Impairment**

An impairment loss is recognized when the carrying amount of an asset, or its cash generating unit ("CGU"), exceeds its recoverable amount. A CGU is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. Impairment losses are recognized in profit and loss for the period. Impairment losses recognized in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to CGUs and then to reduce the carrying amount of the other assets in the unit on a pro-rata basis.

The recoverable amount of assets is the greater of an asset's fair value less cost to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is only reversed if there is an indication that the impairment loss may no longer exist and there has been a change in the estimates used to determine the recoverable amount, however, not to an amount higher than the carrying amount that would have been determined had no impairment loss been recognized in previous years.

Assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment.

**Provisions**

**Rehabilitation provision**

The Company is subject to various government laws and regulations relating to environmental disturbances caused by exploration and evaluation activities. The Company records the present value of the estimated costs of legal and constructive obligations required to restore the exploration sites in the period in which the obligation is incurred. The rehabilitation activities include restoration, reclamation and re-vegetation of the affected exploration sites.

**Notes to the Consolidated Financial Statements**

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**For the years ended June 30, 2016 and 2015**

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**3. Significant accounting policies (continued)**

**Rehabilitation provision (continued)**

The rehabilitation provision generally arises when the environmental disturbance is subject to government laws and regulations. When the liability is recognized, the present value of the estimated costs is capitalized by increasing the carrying amount of the related mining assets. Over time, the discounted liability is increased for the changes in present value based on current market discount rates and liability specific risks. Additional environment disturbances or changes in rehabilitation costs will be recognized as additions to the corresponding assets and rehabilitation liability in the period in which they occur.

**Other provisions**

Provisions are recognized for liabilities of uncertain timing or amount that have arisen as a result of past transactions, including legal or constructive obligations. The provision is measured at the best estimate of the expenditure required to settle the obligation at the reporting date.

**Income taxes**

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

Current income taxes are recognized for the estimated income taxes payable or receivable on taxable income or loss for the current year and any adjustment to income taxes payable in respect of previous years. Current income taxes are determined using tax rates and tax laws that have been enacted or substantively enacted by the year-end date.

Deferred tax assets and liabilities are recognized where the carrying amount of an asset or liability differs from its tax base, except for taxable temporary differences arising on the initial recognition of goodwill and temporary differences arising on the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting nor taxable profit or loss.

Recognition of deferred tax assets for unused tax losses, tax credits and deductible temporary differences is restricted to those instances where it is probable that future taxable profit will be available against which the deferred tax asset can be utilized. At the end of each reporting period the Company reassesses unrecognized deferred tax assets. The Company recognizes a previously unrecognized deferred tax asset to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

**Loss per share**

Loss per share is computed by dividing the net income or loss applicable to common shares of the Company by the weighted average number of common shares outstanding for the relevant period.

Diluted earnings/loss per common share is computed by dividing the net income or loss applicable to common shares by the sum of the weighted average number of common shares issued and outstanding and all additional common shares that would have been outstanding, if potentially dilutive instruments were converted.

**Notes to the Consolidated Financial Statements**

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**For the years ended June 30, 2016 and 2015**

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**3. Significant accounting policies (continued)**

**Comprehensive loss**

Comprehensive loss consists of net loss and other comprehensive income (loss) and represents the change in shareholders' equity which results from transactions and events from sources other than the Company's shareholders. For the periods presented, the Company did not have any transactions or events from sources other than the Company's shareholders.

**Foreign currency transactions**

Foreign currency accounts are translated into Canadian dollars as follows:

At the transaction date, each asset, liability, revenue and expense denominated in a foreign currency is translated into Canadian dollars by the use of the exchange rate in effect at that date. At the year-end date, unsettled monetary assets and liabilities are translated into Canadian dollars by using the exchange rate in effect at the year-end date and the related translation differences are recognized in net income.

Non-monetary assets and liabilities that are measured at historical cost are translated into Canadian dollars by using the exchange rate in effect at the date of the initial transaction and are not subsequently restated. Non-monetary assets and liabilities that are measured at fair value or a revalued amount are translated into Canadian dollars by using the exchange rate in effect at the date the value is determined and the related translation differences are recognized in net income or other comprehensive loss consistent with where the gain or loss on the underlying non-monetary asset or liability has been recognized.

**Share capital**

Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Company's common shares, share warrants and flow-through shares are classified as equity instruments. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

**Share-based payments**

Where equity-settled share options are awarded to employees, the fair value of the options at the date of grant is charged to the statement of operations and comprehensive loss over the vesting period. Performance vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each reporting date so that, ultimately, the cumulative amount recognized over the vesting period is based on the number of options that eventually vest. Non-vesting conditions and market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether these vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition or where a non-vesting condition is not satisfied.

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to the statement of comprehensive loss/income over the remaining vesting period.

Where equity instruments are granted to employees, they are recorded at the fair value of the equity instrument granted at the grant date. The grant date fair value is recognized in comprehensive loss/income over the vesting period, described as the period during which all the vesting conditions are to be satisfied.

**Notes to the Consolidated Financial Statements**

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**For the years ended June 30, 2016 and 2015**

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**3. Significant accounting policies (continued)**

**Share-based payments (continued)**

Where equity instruments are granted to non-employees, they are recorded at the fair value of the goods or services received in the statement of operations and comprehensive loss, unless they are related to the issuance of shares. Amounts related to the issuance of shares are recorded as a reduction of share capital.

When the value of goods or services received in exchange for the share-based payment cannot be reliably estimated, the fair value is measured by use of a valuation model. The expected life used in the model is adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioral considerations.

All equity-settled share-based payments are reflected in contributed surplus, until exercised. Upon exercise, shares are issued from treasury and the amount reflected in contributed surplus is credited to share capital, adjusted for any consideration paid.

Where a grant of options is cancelled or settled during the vesting period, excluding forfeitures when vesting conditions are not satisfied, the Company immediately accounts for the cancellation as an acceleration of vesting and recognizes the amount that otherwise would have been recognized for services received over the remainder of the vesting period. Any payment made to the employee on the cancellation is accounted for as the repurchase of an equity interest except to the extent the payment exceeds the fair value of the equity instrument granted, measured at the repurchase date. Any such excess is recognized as an expense.

**New accounting standards**

The Company has adopted these accounting standards effective July 1, 2014. The adoption of the standards and amendments had no material impact on the consolidated financial statements:

**Amendments to IAS 36 Impairment of Assets**

On May 29, 2013, the IASB made amendments to the disclosure requirements of IAS 36, requiring disclosure, in certain instances, of the recoverable amount of an asset or cash generating unit, and the basis for the determination of fair value less costs of disposal, when an impairment loss is recognized or when an impairment loss is subsequently reversed.

**Amendments to IAS 32 Financial Instruments: Presentation**

These amendments provide clarification on the application of offsetting rules.

**IFRIC 21 Levies**

The interpretation clarifies that an entity recognises a liability for a levy no earlier than when the activity that triggers payment, as identified by the relevant legislation, occurs. It also clarifies that a levy liability is accrued progressively only if the activity that triggers payment occurs over a period of time, in accordance with the relevant legislation. For a levy that is triggered upon reaching a minimum threshold, no liability is recognized before the specified minimum threshold is reached. The interpretation requires these same principles to be applied in interim financial statements.



**Notes to the Consolidated Financial Statements**

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**For the years ended June 30, 2016 and 2015**

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**3. Significant accounting policies (continued)**

**New accounting standards (continued)**

**Amendments to IFRS 10, IFRS 12, and IAS 27**

The amendment provides for the definition of an investment entity and sets out an exception to consolidating particular subsidiaries of an investment entity. The amendments also deals with the disclosures required and preparation of separate financial statements of an investment entity.

**Amendments to IFRS 8 Operating Segments**

These amendments require disclosure of the judgments made by management in applying the aggregation criteria to operating segments, and clarify that reconciliations of segment assets is only required if segment assets are reported regularly.

**Amendments to IFRS 13 Fair Value Measurement**

These amendments clarify that the scope of the portfolio exception defined in paragraph 52 of IFRS 13 includes all contracts accounted for within the scope of IAS 39 Financial Instruments: Recognition and Measurement or IFRS 9 Financial Instruments, regardless of whether they meet the definition of financial assets or financial liabilities as defined in IAS 32 Financial Instruments: Presentation. These amendments also clarify that issuing IFRS 13 and amending IFRS 9 and IAS 39 did not remove the ability to measure short-term receivables and payables with no stated interest rate at their invoice amounts without discounting if the effect of not discounting is immaterial.

**Amendments to IAS 24 Related Party Disclosures**

The amendments to IAS 24 clarify that a management entity, or any member of a group of which it is a part, that provides key management services to a reporting entity, or its parent, is a related party of the reporting entity. The amendments also require an entity to disclose amounts incurred for key management personnel services provided by a separate management entity. This replaces the more detailed disclosure by category required for other key management personnel compensation.

**Amendments to IFRS 3 Business Combination**

This IFRS now requires contingent consideration that is classified as an asset or a liability to be measured at fair value at each reporting date. These amendments also clarify that IFRS 3 excludes from its scope the accounting for the formation of a joint arrangement in the financial statements of the joint arrangement itself.

**Amendments to IAS 16 Property, Plant and Equipment**

These amendments clarify the requirements for the revaluation method to address concerns about the calculation of the accumulated depreciation or amortization at the date of the revaluation.

**Amendments to IAS 40 Investment Property**

These amendments clarify that judgment is needed to determine whether the acquisition of investment property is the acquisition of an asset, a group of assets or a business combination in the scope of IFRS 3 and that this judgment is based on the guidance in IFRS 3.

**Amendments to IFRS 2 Share-based Payment**

The amendment clarifies vesting conditions by separately defining a performance condition and a service condition, both of which were previously incorporated within the definition of a vesting condition.

**Notes to the Consolidated Financial Statements**

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**For the years ended June 30, 2016 and 2015**

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**3. Significant accounting policies (continued)**

**New accounting standards (continued)**

**Standards and interpretations issued but not yet effective**

The following accounting standards and amendments are effective for future periods.

**Amendments to IFRS 5 Non current Assets Held for Sale and Discontinued Operations**

These amendments clarify circumstances in which an entity reclassifies an asset (or disposal group) from held for sale to held for distribution (or vice versa), and in circumstances which an entity no longer meets the criteria for held for distribution. These amendments are effective for reporting periods beginning on or after January 1, 2016.

**Amendments to IFRS 7 Financial Instruments**

These amendments clarify the applicability of the amendments to IFRS 7 Disclosure-Offsetting Financial Assets and Financial Liabilities to condensed interim financial statements. These amendments are effective for reporting periods beginning on or after January 1, 2016.

**Amendments to IAS 19 Employee Benefits**

These amendments clarify the application of the requirements of IAS 19 Employee Benefits (2011) on determination of the discount rate to a regional market consisting of multiple countries sharing the same currency. These amendments are effective for reporting periods beginning on or after January 1, 2016.

**Amendments to IAS 34 Interim Financial Reporting**

These amendments clarify the meaning of disclosure of information 'elsewhere in the interim financial report' and require a cross reference. These amendments are effective for reporting periods beginning on or after January 1, 2016.

**Amendments to IFRS 11 Joint Arrangements**

These amendments require an acquirer of an interest in a joint operation in which the activity constitutes a business (as defined in IFRS 3) to: (a) apply all of the business combinations accounting principles in IFRS 3 and other IFRS standards, except for those principles that conflict with the guidance in IFRS 11; and (b) disclose the information required by IFRS 3 and other IFRS standards for business combinations. The amendments apply both to the initial acquisition of an interest in joint operation, and the acquisition of an additional interest in a joint operation (in the latter case, previously held interests are not re-measured). These amendments are effective for reporting periods beginning on or after January 1, 2016.

**Amendments to IAS 27 Separate Financial Statements**

These amendments permit investments in subsidiaries, joint ventures and associates to be optionally accounted for using the equity method in separate financial statements. These amendments are effective for reporting periods beginning on or after January 1, 2016.

**Amendments to IAS 1 Presentation of Financial Statements**

These amendments clarify existing IAS 1 requirements resulting from the Disclosure Initiative. It is designed to further encourage companies to apply professional judgment in determining what information to disclose in their financial statements. These amendments are effective for reporting periods beginning on or after January 1, 2016.

**Notes to the Consolidated Financial Statements**

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**For the years ended June 30, 2016 and 2015**

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**3. Significant accounting policies (continued)**

**New accounting standards (continued)**

**Amendments to IAS 16 Property, Plant and Equipment**

These amendments clarify the acceptable methods of depreciation and amortization. These amendments are effective for reporting periods beginning on or after January 1, 2016.

**Amendments to IFRS 10, IFRS 12, and IAS 28**

These amendments (Investment Entities: Applying the Consolidation Exception) clarify and confirm that: (1) the exemption from preparing consolidated financial statements for an intermediate parent entity is available to a parent entity that is a subsidiary of an investment entity, even if the investment entity measures all of its subsidiaries at fair value; (2) a subsidiary that provides services related to the parent's investment activities should not be consolidated if the subsidiary itself is an investment entity; (3) when applying the equity method to an associate or a joint venture, a non-investment entity investor in an investment entity may retain the fair value measurement applied by the associate or joint venture to its interests in subsidiaries; and (4) an investment entity measuring all of its subsidiaries at fair value provides the disclosures relating to investment entities required by IFRS 12. These amendments are effective for reporting periods beginning on or after January 1, 2016.

**Amendments to IAS 38 Intangible Assets**

These amendments clarify the acceptable methods of depreciation and amortization. These amendments are effective for reporting periods beginning on or after January 1, 2016.

**Amendments to IAS 7 Statement of Cash Flows**

These amendments (Disclosure Initiative) require that the following changes in liabilities arising from financing activities are disclosed (to the extent necessary): (i) changes from financing cash flows; (ii) changes arising from obtaining or losing control of subsidiaries or other businesses; (iii) the effect of changes in foreign exchange rates; (iv) changes in fair values; and (v) other changes. One way to fulfil the new disclosure requirement is to provide a reconciliation between the opening and closing balances in the statement of financial position for liabilities arising from financing activities. Finally, the amendments state that changes in liabilities arising from financing activities must be disclosed separately from changes in other assets and liabilities. This standard is effective for reporting periods beginning on or after January 1, 2017.

**Amendments to IAS 12 Income Taxes**

These amendments, Recognition of Deferred Tax Assets for Unrealised Losses (Amendments to IAS 12), clarify how to account for deferred tax assets related to debt instruments measured at fair value. These amendments are effective for reporting periods beginning on or after January 1, 2017.

**Amendments to IFRS 12 Disclosure of Interests in Other Entities**

These amendments clarify the scope of the standard by specifying that the disclosure requirements in the standard, except for those in paragraphs B10 - B16, apply to an entity's interests listed in paragraph 5 that are classified as held for sale, as held for distribution or as discontinued operations in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations. These amendments are effective for reporting periods beginning on or after January 1, 2017.

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**Notes to the Consolidated Financial Statements**

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**For the years ended June 30, 2016 and 2015**

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**3. Significant accounting policies (continued)**

**New accounting standards (continued)**

**Amendments to IFRS 2 Share-based Payment**

These amendments added guidance that introduces accounting requirements for cash-settled share-based payments that follow the same approach as used for equity-settled share-based payments. They introduced an exception into IFRS 2 so that a share-based payment where the entity settles the share-based payment arrangement net is classified as equity-settled in its entirety, provided the share-based payment would have been classified as equity-settled had it not included the net settlement feature. Finally, they clarify the accounting treatment in situations where a cash-settled share-based payment changes to an equity-settled share-based payment because of modifications of the terms and conditions. These amendments are effective for reporting periods beginning on or after January 1, 2018.

**IFRS 9 Financial Instruments**

This standard introduces new classification and measurement models for financial assets, using a single approach to determine whether a financial asset is measured at amortised cost or fair value. To be classified and measured at amortised cost, assets must satisfy the business model test for managing the financial assets and have certain contractual cash flow characteristics. All other financial instrument assets are to be classified and measured at fair value. This standard allows an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading) in other comprehensive income, with dividends as a return on these investments being recognised in profit or loss. In addition, those equity instruments measured at fair value through other comprehensive income would no longer have to apply any impairment requirements nor would there be any 'recycling' of gains or losses through profit or loss on disposal. The accounting for financial liabilities continues to be classified and measured in accordance with IAS 39, with one exception, being that the portion of a change of fair value relating to the entity's own credit risk is to be presented in other comprehensive income unless it would create an accounting mismatch. This standard is effective for reporting periods beginning on or after January 1, 2018.

**IFRS 15 Revenue from Contracts with Customers**

The IASB issued IFRS 15, Revenue from Contracts with Customers, which provides a single principle-based framework to be applied to all contracts with customers. IFRS 15 replaces the previous revenue standard IAS 18, Revenue, and the related Interpretations on revenue recognition. The standard scopes out contracts that are considered to be lease contracts, insurance contracts and financial instruments. The new standard is a control-based model as compared to the existing revenue standard which is primarily focused on risks and rewards. Under the new standard, revenue is recognized when a customer obtains control of a good or service. Transfer of control occurs when the customer has the ability to direct the use of and obtain the benefits of the good or service. This standard is effective for reporting periods beginning on or after January 1, 2018.

**Amendments to IAS 40 Investment Property**

These amendments specify that a transfer into, or out of investment property should be made only when there has been a change in use of the property; and such a change in use would involve an assessment of whether the property qualifies as an investment property. That change in use should be supported by evidence. These amendments are effective for reporting periods beginning on or after January 1, 2018.

**Notes to the Consolidated Financial Statements**

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**For the years ended June 30, 2016 and 2015**

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**3. Significant accounting policies (continued)**

**New accounting standards (continued)**

**Amendments to IAS 28 Investments in Associates and Joint Ventures**

These amendments clarify that the election to measure at fair value through profit or loss an investment in an associate or a joint venture that is held by an entity that is a venture capital organisation, or other qualifying entity, is available for each investment in an associate or joint venture on an investment-by-investment basis, upon initial recognition. These amendments are effective for reporting periods beginning on or after January 1, 2018.

**IFRIC 22 Foreign Currency Transactions and Advance Consideration**

This interpretation clarifies the accounting for transactions that include the receipt or payment of advance consideration in a foreign currency. It covers foreign currency transactions when an entity recognizes a non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration before the entity recognises the related asset, expense or income. It does not apply when an entity measures the related asset, expense or income on initial recognition at fair value or at the fair value of the consideration received or paid at a date other than the date of initial recognition of the non-monetary asset or non-monetary liability. Also, the Interpretation need not be applied to income taxes, insurance contracts or reinsurance contracts. This interpretation is effective for reporting periods beginning on or after January 1, 2018.

**IFRS 16 Leases**

IFRS 16 was issued in January 2016 and specifies how an IFRS reporter will recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17. This standard is effective for reporting periods beginning on or after January 1, 2019.

**Notes to the Consolidated Financial Statements**

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**For the years ended June 30, 2016 and 2015**

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**4. Significant accounting judgments, estimates and assumptions**

The preparation of consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amount of assets and liabilities and the disclosure of contingent liabilities at the date of the consolidated financial statements and the reported amount of expenses during the reporting period.

Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates.

**Critical judgments**

The preparation of our consolidated financial statements requires us to make judgments regarding the going concern of the Company as discussed in Note 1.

**Key sources of estimation uncertainty**

Because a precise determination of many assets and liabilities is dependent upon future events, the preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of assets and liabilities at the date of the consolidated financial statements and the reported amounts of expenses during the reporting periods. Actual results could differ from those estimates and such differences could be significant. Significant estimates made by management affecting our consolidated financial statements include:

*Share-based payments*

We measure our share-based payment expense by reference to the fair value of the stock options at the date at which they are granted. Estimating fair value for granted stock options requires determining the most appropriate valuation model which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the option, volatility, dividend yield, and rate of forfeitures and making assumption about them. The value of the share-based payment expense for the year along with the assumptions and model used for estimating fair value for share based compensation transactions are disclosed in note 7.

*Financial Instruments*

The fair values of financial instruments are estimated based upon market and third party inputs. These estimates are subject to change with fluctuations in commodity prices, interest rates, foreign currency exchange rates and estimates of non-performance risk.

*Deferred Tax Assets and Liabilities*

The measurement of deferred income tax provision is subject to uncertainty associated with the timing of future events and changes in legislation, tax rates and interpretations by tax authorities.

**Notes to the Consolidated Financial Statements**

**For the years ended June 30, 2016 and 2015**

**4. Significant accounting judgments, estimates and assumptions (continued)**

*Exploration and Evaluation Expenditure*

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

*Title to Mineral Property Interests*

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

**5. Exploration and evaluation assets**

The Company has interests in a precious metal property located in the Arizona Bullard Pass area in Arizona, United States.

A summary of the capitalized acquisition and exploration expenditures on the Company's exploration and evaluation assets for the years ending June 30, 2016, 2015 and 2014 are as follows:

	(US) Bullard Pass (\$)
<b>Balance at June 30, 2014</b>	<b>3,059</b>
Additions during the year:	
Claim fees – 2015	3,827
<b>Balance at June 30, 2015</b>	<b>6,886</b>
Additions during the year:	
Claim fees - 2016	4,647
<b>Balance at June 30, 2016</b>	<b>11,533</b>

***Bullard Pass Gold Property, Arizona, United States***

In 2007, the Company staked the DB 1 to 176 mineral claims totaling 3,420 acres and acquired 476.52 acres of Arizona State land under mineral exploration permit #08-111861, for total land holdings of 3,896.52 acres located in the vicinity of the Harcuvar and Harquahala Mountains, Yavapai County, Arizona (the "Bullard Pass Property").

The Company has subsequently reduced its ownership interest in the Bullard Pass Property to 22 claims

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**Canadian Mining Corp.**  
(formerly Canadian Zeolite Corp.)

**Notes to the Consolidated Financial Statements**

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**For the years ended June 30, 2016 and 2015**

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**6. Related party transactions**

Loans from related party

	June 30, 2016	June 30, 2015	June 30, 2014
<b>Canadian Zeolite Corp.</b>	<b>\$ 11,433</b>	<b>\$ 6,786</b>	<b>\$ 2,959</b>

The amounts are unsecured, non-interest bearing and have no fixed terms of repayment.

**7. Share capital**

**(i) Authorized**

Unlimited number of common shares.

**(ii) Issued and outstanding**

At June 30, 2016, 2015 and 2014 the Company had 100 common shares issued and outstanding for \$100.

**(iii) Stock option plan**

The Company has adopted, and its shareholders have approved, a stock option plan whereby up to 10% of the outstanding shares of the Company as of the date of grant have been reserved for the grant and issuance to its employees, officers, directors and consultants. Under the plan, the exercise price of an option may not be set at less than the minimum price permitted by the TSX Venture Exchange, and the options may be exercisable for a period of up to five years. The aggregate number of options granted to any one individual during any 12-month period may not exceed 5% of the issued shares of the Company, or 2% in the case of consultants and investor relations representatives. The stock option plan provides for full vesting of the stock options on the date of approval of the options by the appropriate regulatory authority.

**8. Segmented information**

The Company has one operating segment, which is the exploration and development of mineral properties. The Company's principal operations are carried out in Canada. Exploration activities are carried out in the United States.

**9. Subsequent events**

On February 17, 2017 the Company announced that it had entered into a Vend-In Agreement and an Arrangement Agreement with its parent company, Canadian Zeolite Corp. ("Canadian Zeolite") pursuant to which Canadian Zeolite shall, upon shareholder approval, distribute the common shares it holds in Canadian Mining Corp. to Canadian Zeolite shareholders on the basis of one Canadian Mining Corp. share for every five common shares held in Canadian Zeolite.



**Notes to the Consolidated Financial Statements**

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**For the years ended June 30, 2016 and 2015**

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**9. Subsequent events (continued)**

Closing of the Arrangement is subject to a number of conditions precedent, including but not limited to:

1. Canadian Mining Corp. completing an offering of 7,600,000 share units at \$0.09 per unit for net proceeds of at least \$650,000. Each unit will comprise one common share and one share purchase warrant entitling the holder to acquire one common share within one year of issuance.
2. The Arrangement being approved by two-thirds of Canadian Zeolite shareholders, warrant holders and option holders at an upcoming Annual General and Special Meeting;
3. The granting from the Supreme Court of British Columbia of an interim order authorizing the securities holders to approve the Arrangement and a final order approving the Plan of Arrangement;
4. The common shares of Canadian Mining Corp. being listed for trading on the TSX Venture Exchange.

**10. Commitments**

The Company has no off balance sheet commitments.

**11. Capital management**

The Company manages its capital structure and makes adjustments based on the funds available in order to support continued operation and future business opportunities. 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 considers its capital to be equity.

The Company's operations are currently not generating positive cash flow; as such, the Company is dependent on external financing to fund its activities. In order to carry out potential expansion and to continue operations, and pay for administrative costs, the Company will spend its existing working capital, and raise additional amounts as needed. Companies in this stage typically rely upon equity and debt financing or joint venture partnerships to fund their operations. The current financial markets are very difficult and there is no certainty with respect to the Company's ability to raise capital. However, the Company feels that it has sufficient working capital to continue with planned activities.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

There were no changes in the Company's approach to capital management during the year ended June 30, 2016 and 2015. The Company is not subject to externally imposed capital requirements.

**Notes to the Consolidated Financial Statements**

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**For the years ended June 30, 2016 and 2015**

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**12. Financial Instruments and risk management**

Fair value estimates of financial instruments are made at a specific point in time, based on relevant information about financial markets and specific financial instruments. As these estimates are subjective in nature, involving uncertainties and matters of significant judgment, they cannot be determined with precision. Changes in assumptions can significantly affect estimated fair values.

The carrying value of related party loans and advances approximate their fair value because of the short-term nature of these instruments.

*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. The Company's primary exposure to credit risk is \$Nil.

*Liquidity Risk*

Liquidity risk arises through the excess of financial obligations over available financial assets due at any point in time. The Company's objective in managing liquidity risk is to maintain sufficient readily available reserves in order to meet its liquidity requirements at any point in time. The Company manages its liquidity risk by forecasting cash flows from operations and anticipated investing and financing activities. The Company will be required to raise additional capital in the future to fund its operations.

*Market risk*

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices. These fluctuations may be significant and the Company, as all other companies in its industry, has exposure to these risks.

a. *Interest rate risk*

The Company is not subject to material interest rate risk.

b. *Currency risk*

The Company is not subject to material foreign currency risk at this time.

c. *Price risk*

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices, other than those arising from interest rate risk or foreign currency risk. The Company is not exposed to such risk.

**Canadian Mining Corp.**

(Formerly Canadian Zeolite Corp.)

**Consolidated Financial Statements**  
*(Unaudited - Expressed in Canadian Dollars)*

**For the six months ending December 31, 2016 and 2015**



**Crowe MacKay**™

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## **Review Engagement Report**

### **To the Directors of Canadian Mining Corp.**

We have reviewed the interim consolidated statement of financial position of Canadian Mining Corp. as at December 31, 2016 and the interim consolidated statements of operations and comprehensive loss, changes in equity and cash flows for the six months ended December 31, 2016. Our review was made in accordance with Canadian generally accepted standards for review engagements and accordingly consisted primarily of enquiry, analytical procedures and discussion related to information supplied to us by the company.

A review does not constitute an audit and consequently we do not express an audit opinion on these financial statements.

We draw attention to Note 1 to the interim consolidated financial statements which describes the material uncertainty that may cast significant doubt about the ability of Canadian Mining Corp. to continue as a going concern.

Except as described above, based on our review, nothing has come to our attention that causes us to believe that these financial statements are not, in all material respects, in accordance with International Financial Reporting Standards.

*Crowe MacKay LLP*

**Calgary, Canada**  
**March 23, 2017**

**Chartered Professional Accountants**

**Canadian Mining Corp.**  
(formerly Canadian Zeolite Corp.)

**Consolidated Statements of Operations and Comprehensive Loss**  
(Unaudited - Expressed in Canadian Dollars)

	<b>Three months ended December 31, 2016</b>	<b>Three months ended December 31, 2015</b>	<b>Six months ended December 31, 2016</b>	<b>Six months ended December 31, 2015</b>
<b>Expenses (income)</b>				
Administrative	\$ 2,500	\$ -	\$ 2,500	\$ -
Legal fees	4,815	-	4,815	-
<b>Net loss and comprehensive loss</b>	<b>\$ 7,315</b>	<b>\$ -</b>	<b>\$ 7,315</b>	<b>\$ -</b>
<b>Loss per share - basic and diluted</b>	<b>\$ 73.15</b>	<b>\$ 0.00</b>	<b>\$ 73.15</b>	<b>\$ 0.00</b>
<b>Weighted average number of common shares outstanding</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>

**Canadian Mining Corp.**  
(formerly Canadian Zeolite Corp.)

**Consolidated Statements of Financial Position**  
(Expressed in Canadian Dollars)

	December 31, 2016 (Unaudited)	June 30, 2016 (Audited)
<b>Assets</b>		
<b>Non-current</b>		
Exploration and evaluation assets (note 5)	\$ 16,243	\$ 11,533
	\$ 16,243	\$ 11,533
<b>Liabilities</b>		
<b>Current</b>		
Related party loans and advances (note 6)	\$ 23,458	\$ 11,433
<b>Shareholders Equity</b>		
Share capital (note 7)	100	100
Deficit	(7,315)	-
	\$ (7,215)	\$ 100
	\$ 16,243	\$ 11,533

Nature of operations and going concern (note 1)  
Commitments (note 10)  
Subsequent events (note 9)

These consolidated financial statements were authorized for issue by the Board of Directors on March 23, 2017. They are signed on behalf of the Board of Directors by:

(Signed) "Brian Thurston", Director

(Signed) "Ray Paquette", Director

**Canadian Mining Corp.**  
(formerly Canadian Zeolite Corp.)

**Consolidated Statements of Cash Flows**  
(Unaudited - Expressed in Canadian Dollars)

	Six months December 31, 2016	Six months December 31, 2015
<b>Cash provided by (used for):</b>		
<b>Operating activities</b>		
Net loss	\$ (7,315)	\$ -
	(7,315)	-
Changes in non-cash working capital items		
Receivables	-	-
Accounts payable and accrued liabilities	-	-
Prepaid expenses	-	-
	(7,315)	-
<b>Financing activities</b>		
Related party loans and advances	12,025	-
	12,025	-
<b>Investing activities</b>		
Exploration and evaluation expenditures paid	(4,710)	-
	(4,710)	-
<b>Increase (decrease) in cash and cash equivalents</b>	-	-
<b>Cash and cash equivalents, beginning of year</b>	-	-
<b>Cash and cash equivalents, end of year</b>	\$ -	\$ -

**Canadian Mining Corp.**  
(formerly Canadian Zeolite Corp.)

**Consolidated Statements of Changes in Equity**  
(Unaudited - Expressed in Canadian Dollars)

For the six months ending December 31, 2016 and 2015

	Shares number	Share capital \$	Contributed surplus \$	Deficit \$	Total \$
<b>Balance June 30, 2015</b>	100	100	-	-	100
Net loss and comprehensive loss for the period	-	-	-	-	-
<b>Balance December 31, 2015</b>	100	100	-	-	100
<b>Balance June 30, 2016</b>	100	100	-	-	100
Net loss and comprehensive loss for the period	-	-	-	(7,315)	(7,315)
<b>Balance December 31, 2016</b>	100	100	-	(7,315)	(7,215)



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**Canadian Mining Corp.**  
(formerly Canadian Zeolite Corp.)  
**Notes to the Consolidated Financial Statements**

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**For the six months ending December 31, 2016 and 2015**  
*(Unaudited - Expressed in Canadian Dollars)*

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**1. Nature of operations and going concern**

Canadian Mining Corp. (formerly Canadian Zeolite Corp.) (the "Company" or "Canadian Mining") was incorporated on April 26, 2013 and is a wholly owned subsidiary of Canadian Zeolite Corp., a reporting issuer in British Columbia and Alberta which trades on the TSX Venture Exchange under the symbol CNZ. The Company is an exploration stage public company whose principal business activities are the acquisition, exploration and evaluation of mineral properties.

The head office of the Company is located at Suite 1400, 1111 West Georgia Street, Vancouver, British Columbia, Canada V6E 4M3. The registered and records office is located at Suite 1400, 1111 West Georgia Street, Vancouver, B.C. V6E 4M3.

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

Several adverse conditions cast significant doubt on the validity of the going concern assumption. The Company has not generated revenue from operations. These circumstances lend substantial doubt as to the ability of the Company to meet its ongoing obligations as they come due, and accordingly, the appropriateness of the use of accounting principles applicable to a going concern. The Company's ability to continue as a going concern is dependent upon raising additional capital to meet its present and future commitments, the continued support of certain shareholders and trade creditors and on achieving profitable commercial operations.

The recoverability of the amounts reported for exploration and evaluation assets is dependent upon the quantity of economically recoverable resources, the ability of the Company to obtain financing to complete exploration and development of the properties, the timing of legislative or regulatory developments relating to environmental protection and achieving future profitable operations or receiving favourable proceeds from the disposition thereon.

The consolidated financial statements do not reflect adjustments to the carrying values of assets and liabilities that would be necessary if the Company were unable to continue as a going concern and achieve profitable mining operations or obtain adequate financing and support from its shareholders and trade creditors.

If the going concern assumption was not appropriate for these consolidated financial statements, adjustments would be necessary to the carrying values of assets and liabilities, net loss and comprehensive loss, and statements of financial position classifications used.

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**Canadian Mining Corp.**  
(formerly Canadian Zeolite Corp.)  
**Notes to the Consolidated Financial Statements**

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**For the six months ending December 31, 2016 and 2015**  
(Unaudited - Expressed in Canadian Dollars)

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**2. Basis of presentation**

**Statement of compliance**

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

**Approval of consolidated financial statements**

The consolidated financial statements were reviewed by the Audit Committee and approved and authorized for issue by the Board of Directors on March 23, 2017.

**Basis of consolidation**

These consolidated financial statements include the accounts of the Canadian Mining Corp. and its wholly-owned inactive subsidiary, Canadian Mining Company of Arizona Inc. All significant inter-company transactions and balances have been eliminated upon consolidation.

**Basis of measurement**

The accounting policies applied in these consolidated financial statements are presented in note 3 and are based on IFRS issued and outstanding as of March 23, 2017. These consolidated financial statements have been prepared on an accrual basis and are based on historical costs, modified where applicable. These consolidated financial statements are presented in Canadian dollars, which is also the Company's functional currency.

**Significant accounting estimates and judgments**

The preparation of financial statements in compliance with IFRS requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. These consolidated 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. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

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**Canadian Mining Corp.**  
(formerly Canadian Zeolite Corp.)  
**Notes to the Consolidated Financial Statements**

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**For the six months ending December 31, 2016 and 2015**  
(Unaudited - Expressed in Canadian Dollars)

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**3. Significant accounting policies**

**Financial Instruments**

All financial instruments are initially recognized at fair value on the consolidated statement of financial position. The Company has classified each financial instrument into one of the following categories: (1) financial assets or liabilities at fair value through profit or loss ("FVTPL"), (2) loans and receivables, (3) financial assets available-for-sale, (4) financial assets held-to-maturity, and (5) other financial liabilities. Subsequent measurement of financial instruments is based on their classification.

Financial assets and liabilities at FVTPL are subsequently measured at fair value with changes in those fair values recognized in net earnings. Financial assets "available-for-sale" are subsequently measured at fair value with changes in fair value recognized in other comprehensive income (loss), net of tax. Financial assets "held-to-maturity", "loans and receivables", and "other financial liabilities" are subsequently measured at amortized cost using the effective interest method.

*Fair value hierarchy*

The Company uses the following hierarchy for determining and disclosing the fair value of the financial instruments by valuation technique:

- (i) Level 1 – Applies to assets or liabilities for which there are quoted prices in active markets for identical assets or liabilities.
- (ii) Level 2 – Applies to assets or liabilities for which there are inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly such as quoted prices for similar assets or liabilities in active markets or indirectly such as quoted prices for identical assets or liabilities in markets with insufficient volume or infrequent transactions.
- (iii) Level 3 – Applies to assets or liabilities for which there are unobservable market data.

The Company has classified its related party loans and advances as other financial liabilities, which are measured at amortized cost.

**Canadian Mining Corp.**  
(formerly Canadian Zeolite Corp.)  
**Notes to the Consolidated Financial Statements**

**For the six months ending December 31, 2016 and 2015**  
(Unaudited - Expressed in Canadian Dollars)

**3. Significant accounting policies (continued)**

**Financial instruments (continued)**

The Company's financial instruments at December 31, 2016 are as follows:

	Loans and receivables	Available for sale	Fair value through profit or loss	Other financial liabilities
<b>Financial liabilities</b>				
Related party loans and advances	\$ -	\$ -	\$ -	\$ 23,458

The Company's financial instruments at June 30, 2016 are as follows:

	Loans and receivables	Available for sale	Fair value through profit or loss	Other financial liabilities
<b>Financial liabilities</b>				
Related party loans and advances	\$ -	\$ -	\$ -	\$ 11,433

Unless otherwise disclosed their carrying values approximate their fair values due to the short-term nature of these instruments.

**Cash and cash equivalents**

Cash and cash equivalents includes cash on hand, deposits held with financial institutions and other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and subject to an insignificant risk of change in value.

**Exploration and evaluation assets**

**Pre-exploration costs**

Pre-exploration costs are expensed in the period in which they are incurred.

**Exploration and evaluation assets and expenditures**

Once the legal right to explore a property has been acquired, costs directly related to exploration and evaluation expenditures ("E&E") are recognized and capitalized, in addition to the acquisition costs. These direct expenditures include such costs as materials used, surveying costs, drilling costs, payments made to contractors and depreciation on plant and equipment during the exploration phase. Costs not directly attributable to exploration and evaluation activities, including general administrative overhead costs and share based payments to employees and consultants, are expensed in the period in which they occur.

When a project is deemed to no longer have commercially viable prospects to the Company, exploration and evaluation expenditures in respect of that project are deemed to be impaired. As a result, those exploration and evaluation expenditure costs, in excess of estimated recoveries, are written off to the statement of operations and comprehensive loss.

The Company assesses exploration and evaluation assets for impairment when facts and circumstances suggest that the carrying amount of an asset may exceed its recoverable amount.

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**Canadian Mining Corp.**  
(formerly Canadian Zeolite Corp.)  
**Notes to the Consolidated Financial Statements**

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**For the six months ending December 31, 2016 and 2015**  
(Unaudited - Expressed in Canadian Dollars)

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**3. Significant accounting policies (continued)**

**Exploration and evaluation assets and expenditures (continued)**

Once the technical feasibility and commercial viability of extracting the mineral resource has been determined, the property is considered to be a mine under development and is classified as "mines under construction". Exploration and evaluation assets are also tested for impairment before the assets are transferred to development properties.

As the Company currently has no operational income, any incidental revenues earned in connection with exploration activities are applied as a reduction to capitalized exploration costs.

Mineral exploration and evaluation expenditures are classified as intangible assets.

**Impairment**

An impairment loss is recognized when the carrying amount of an asset, or its cash generating unit ("CGU"), exceeds its recoverable amount. A CGU is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. Impairment losses are recognized in profit and loss for the period. Impairment losses recognized in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to CGUs and then to reduce the carrying amount of the other assets in the unit on a pro-rata basis.

The recoverable amount of assets is the greater of an asset's fair value less cost to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is only reversed if there is an indication that the impairment loss may no longer exist and there has been a change in the estimates used to determine the recoverable amount, however, not to an amount higher than the carrying amount that would have been determined had no impairment loss been recognized in previous years.

Assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment.

**Provisions**

**Rehabilitation provision**

The Company is subject to various government laws and regulations relating to environmental disturbances caused by exploration and evaluation activities. The Company records the present value of the estimated costs of legal and constructive obligations required to restore the exploration sites in the period in which the obligation is incurred. The rehabilitation activities include restoration, reclamation and re-vegetation of the affected exploration sites.

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**Canadian Mining Corp.**  
(formerly Canadian Zeolite Corp.)  
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**For the six months ending December 31, 2016 and 2015**  
*(Unaudited - Expressed in Canadian Dollars)*

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**3. Significant accounting policies (continued)**

**Rehabilitation provision (continued)**

The rehabilitation provision generally arises when the environmental disturbance is subject to government laws and regulations. When the liability is recognized, the present value of the estimated costs is capitalized by increasing the carrying amount of the related mining assets. Over time, the discounted liability is increased for the changes in present value based on current market discount rates and liability specific risks. Additional environment disturbances or changes in rehabilitation costs will be recognized as additions to the corresponding assets and rehabilitation liability in the period in which they occur.

**Other provisions**

Provisions are recognized for liabilities of uncertain timing or amount that have arisen as a result of past transactions, including legal or constructive obligations. The provision is measured at the best estimate of the expenditure required to settle the obligation at the reporting date.

**Income taxes**

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

Current income taxes are recognized for the estimated income taxes payable or receivable on taxable income or loss for the current year and any adjustment to income taxes payable in respect of previous years. Current income taxes are determined using tax rates and tax laws that have been enacted or substantively enacted by the year-end date.

Deferred tax assets and liabilities are recognized where the carrying amount of an asset or liability differs from its tax base, except for taxable temporary differences arising on the initial recognition of goodwill and temporary differences arising on the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting nor taxable profit or loss.

Recognition of deferred tax assets for unused tax losses, tax credits and deductible temporary differences is restricted to those instances where it is probable that future taxable profit will be available against which the deferred tax asset can be utilized. At the end of each reporting period the Company reassesses unrecognized deferred tax assets. The Company recognizes a previously unrecognized deferred tax asset to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

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**Canadian Mining Corp.**  
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**For the six months ending December 31, 2016 and 2015**

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**3. Significant accounting policies (continued)**

**Loss per share**

Loss per share is computed by dividing the net income or loss applicable to common shares of the Company by the weighted average number of common shares outstanding for the relevant period.

Diluted earnings/loss per common share is computed by dividing the net income or loss applicable to common shares by the sum of the weighted average number of common shares issued and outstanding and all additional common shares that would have been outstanding, if potentially dilutive instruments were converted.

**Comprehensive loss**

Comprehensive loss consists of net loss and other comprehensive income (loss) and represents the change in shareholders' equity which results from transactions and events from sources other than the Company's shareholders. For the periods presented, the Company did not have any transactions or events from sources other than the Company's shareholders.

**Foreign currency transactions**

Foreign currency accounts are translated into Canadian dollars as follows:

At the transaction date, each asset, liability, revenue and expense denominated in a foreign currency is translated into Canadian dollars by the use of the exchange rate in effect at that date. At the year-end date, unsettled monetary assets and liabilities are translated into Canadian dollars by using the exchange rate in effect at the year-end date and the related translation differences are recognized in net income.

Non-monetary assets and liabilities that are measured at historical cost are translated into Canadian dollars by using the exchange rate in effect at the date of the initial transaction and are not subsequently restated. Non-monetary assets and liabilities that are measured at fair value or a revalued amount are translated into Canadian dollars by using the exchange rate in effect at the date the value is determined and the related translation differences are recognized in net income or other comprehensive loss consistent with where the gain or loss on the underlying non-monetary asset or liability has been recognized.

**Share capital**

Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Company's common shares, share warrants and flow-through shares are classified as equity instruments. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

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**Canadian Mining Corp.**  
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**For the six months ending December 31, 2016 and 2015**

*(Unaudited - Expressed in Canadian Dollars)*

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**3. Significant accounting policies (continued)**

**Share-based payments**

Where equity-settled share options are awarded to employees, the fair value of the options at the date of grant is charged to the statement of operations and comprehensive loss over the vesting period. Performance vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each reporting date so that, ultimately, the cumulative amount recognized over the vesting period is based on the number of options that eventually vest. Non-vesting conditions and market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether these vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition or where a non-vesting condition is not satisfied.

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to the statement of comprehensive loss/income over the remaining vesting period.

Where equity instruments are granted to employees, they are recorded at the fair value of the equity instrument granted at the grant date. The grant date fair value is recognized in comprehensive loss/income over the vesting period, described as the period during which all the vesting conditions are to be satisfied.

Where equity instruments are granted to non-employees, they are recorded at the fair value of the goods or services received in the statement of operations and comprehensive loss, unless they are related to the issuance of shares. Amounts related to the issuance of shares are recorded as a reduction of share capital.

When the value of goods or services received in exchange for the share-based payment cannot be reliably estimated, the fair value is measured by use of a valuation model. The expected life used in the model is adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioral considerations.

All equity-settled share-based payments are reflected in contributed surplus, until exercised. Upon exercise, shares are issued from treasury and the amount reflected in contributed surplus is credited to share capital, adjusted for any consideration paid.

Where a grant of options is cancelled or settled during the vesting period, excluding forfeitures when vesting conditions are not satisfied, the Company immediately accounts for the cancellation as an acceleration of vesting and recognizes the amount that otherwise would have been recognized for services received over the remainder of the vesting period. Any payment made to the employee on the cancellation is accounted for as the repurchase of an equity interest except to the extent the payment exceeds the fair value of the equity instrument granted, measured at the repurchase date. Any such excess is recognized as an expense.



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**Canadian Mining Corp.**  
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**For the six months ending December 31, 2016 and 2015**  
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**3. Significant accounting policies (continued)**

**Future Accounting Changes**

The Company has adopted these accounting standards effective July 1, 2016. The adoption of the standards and amendments had no material impact on the consolidated financial statements.

**Amendments to IFRS 5 Non current Assets Held for Sale and Discontinued Operations**

These amendments clarify circumstances in which an entity reclassifies an asset (or disposal group) from held for sale to held for distribution (or vice versa), and in circumstances which an entity no longer meets the criteria for held for distribution.

**Amendments to IFRS 7 Financial Instruments**

These amendments clarify the applicability of the amendments to IFRS 7 Disclosure-Offsetting Financial Assets and Financial Liabilities to condensed interim financial statements.

**Amendments to IAS 19 Employee Benefits**

These amendments clarify the application of the requirements of IAS 19 Employee Benefits (2011) on determination of the discount rate to a regional market consisting of multiple countries sharing the same currency.

**Amendments to IAS 34 Interim Financial Reporting**

These amendments clarify the meaning of disclosure of information 'elsewhere in the interim financial report' and require a cross reference.

**Amendments to IFRS 11 Joint Arrangements**

These amendments require an acquirer of an interest in a joint operation in which the activity constitutes a business (as defined in IFRS 3) to: (a) apply all of the business combinations accounting principles in IFRS 3 and other IFRS standards, except for those principles that conflict with the guidance in IFRS 11; and (b) disclose the information required by IFRS 3 and other IFRS standards for business combinations. The amendments apply both to the initial acquisition of an interest in joint operation, and the acquisition of an additional interest in a joint operation (in the latter case, previously held interests are not re-measured).

**Amendments to IAS 27 Separate Financial Statements**

These amendments permit investments in subsidiaries, joint ventures and associates to be optionally accounted for using the equity method in separate financial statements.

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**Canadian Mining Corp.**  
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**For the six months ending December 31, 2016 and 2015**  
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**3. Significant accounting policies (continued)**

**Amendments to IAS 1 Presentation of Financial Statements**

These amendments clarify existing IAS 1 requirements resulting from the Disclosure Initiative. It is designed to further encourage companies to apply professional judgment in determining what information to disclose in their financial statements.

**Amendments to IAS 16 Property, Plant and Equipment**

These amendments clarify the acceptable methods of depreciation and amortization.

**Amendments to IFRS 10, IFRS 12, and IAS 28**

These amendments (Investment Entities: Applying the Consolidation Exception) clarify and confirm that: (1) the exemption from preparing consolidated financial statements for an intermediate parent entity is available to a parent entity that is a subsidiary of an investment entity, even if the investment entity measures all of its subsidiaries at fair value; (2) a subsidiary that provides services related to the parent's investment activities should not be consolidated if the subsidiary itself is an investment entity; (3) when applying the equity method to an associate or a joint venture, a non-investment entity investor in an investment entity may retain the fair value measurement applied by the associate or joint venture to its interests in subsidiaries; and (4) an investment entity measuring all of its subsidiaries at fair value provides the disclosures relating to investment entities required by IFRS 12.

**Amendments to IAS 38 Intangible Assets**

These amendments clarify the acceptable methods of depreciation and amortization.

**Standards and interpretations issued but not yet effective**

The following accounting standards and amendments are effective for future periods.

**Amendments to IAS 7 Statement of Cash Flows**

These amendments (Disclosure Initiative) require that the following changes in liabilities arising from financing activities are disclosed (to the extent necessary): (i) changes from financing cash flows; (ii) changes arising from obtaining or losing control of subsidiaries or other businesses; (iii) the effect of changes in foreign exchange rates; (iv) changes in fair values; and (v) other changes. One way to fulfil the new disclosure requirement is to provide a reconciliation between the opening and closing balances in the statement of financial position for liabilities arising from financing activities. Finally, the amendments state that changes in liabilities arising from financing activities must be disclosed separately from changes in other assets and liabilities. This standard is effective for reporting periods beginning on or after January 1, 2017.

**Amendments to IAS 12 Income Taxes**

These amendments, Recognition of Deferred Tax Assets for Unrealised Losses (Amendments to IAS 12), clarify how to account for deferred tax assets related to debt instruments measured at fair value. These amendments are effective for reporting periods beginning on or after January 1, 2017.

**Amendments to IFRS 12 Disclosure of Interests in Other Entities**

These amendments clarify the scope of the standard by specifying that the disclosure requirements in the standard, except for those in paragraphs B10 - B16, apply to an entity's interests listed in paragraph 5 that are classified as held for sale, as held for distribution or as discontinued operations in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations. These amendments are effective for reporting periods beginning on or after January 1, 2017.

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**Canadian Mining Corp.**  
(formerly Canadian Zeolite Corp.)  
**Notes to the Consolidated Financial Statements**

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**For the six months ending December 31, 2016 and 2015**

*(Unaudited - Expressed in Canadian Dollars)*

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**3. Significant accounting policies (continued)**

**Amendments to IFRS 2 Share-based**

PaymentThese amendments added guidance that introduces accounting requirements for cash-settled share-based payments that follow the same approach as used for equity-settled share-based payments. They introduced an exception into IFRS 2 so that a share-based payment where the entity settles the share-based payment arrangement net is classified as equity-settled in its entirety, provided the share-based payment would have been classified as equity-settled had it not included the net settlement feature. Finally, they clarify the accounting treatment in situations where a cash-settled share-based payment changes to an equity-settled share-based payment because of modifications of the terms and conditions. These amendments are effective for reporting periods beginning on or after January 1, 2018.

**IFRS 9 Financial Instruments**

This standard introduces new classification and measurement models for financial assets, using a single approach to determine whether a financial asset is measured at amortised cost or fair value. To be classified and measured at amortised cost, assets must satisfy the business model test for managing the financial assets and have certain contractual cash flow characteristics. All other financial instrument assets are to be classified and measured at fair value. This standard allows an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading) in other comprehensive income, with dividends as a return on these investments being recognised in profit or loss. In addition, those equity instruments measured at fair value through other comprehensive income would no longer have to apply any impairment requirements nor would there be any 'recycling' of gains or losses through profit or loss on disposal. The accounting for financial liabilities continues to be classified and measured in accordance with IAS 39, with one exception, being that the portion of a change of fair value relating to the entity's own credit risk is to be presented in other comprehensive income unless it would create an accounting mismatch. This standard is effective for reporting periods beginning on or after January 1, 2018.

**IFRS 15 Revenue from Contracts with Customers**

The IASB issued IFRS 15, Revenue from Contracts with Customers, which provides a single principle-based framework to be applied to all contracts with customers. IFRS 15 replaces the previous revenue standard IAS 18, Revenue, and the related Interpretations on revenue recognition. The standard scopes out contracts that are considered to be lease contracts, insurance contracts and financial instruments. The new standard is a control-based model as compared to the existing revenue standard which is primarily focused on risks and rewards. Under the new standard, revenue is recognized when a customer obtains control of a good or service. Transfer of control occurs when the customer has the ability to direct the use of and obtain the benefits of the good or service. This standard is effective for reporting periods beginning on or after January 1, 2018.

**Amendments to IAS 40 Investment Property**

These amendments specify that a transfer into, or out of investment property should be made only when there has been a change in use of the property; and such a change in use would involve an assessment of whether the property qualifies as an investment property. That change in use should be supported by evidence. These amendments are effective for reporting periods beginning on or after January 1, 2018.

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**Canadian Mining Corp.**  
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**For the six months ending December 31, 2016 and 2015**  
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**3. Significant accounting policies (continued)**

**Amendments to IAS 28 Investments in Associates and Joint Ventures**

These amendments clarify that the election to measure at fair value through profit or loss an investment in an associate or a joint venture that is held by an entity that is a venture capital organisation, or other qualifying entity, is available for each investment in an associate or joint venture on an investment-by-investment basis, upon initial recognition. These amendments are effective for reporting periods beginning on or after January 1, 2018.

**IFRIC 22 Foreign Currency Transactions and Advance Consideration**

This interpretation clarifies the accounting for transactions that include the receipt or payment of advance consideration in a foreign currency. It covers foreign currency transactions when an entity recognizes a non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration before the entity recognises the related asset, expense or income. It does not apply when an entity measures the related asset, expense or income on initial recognition at fair value or at the fair value of the consideration received or paid at a date other than the date of initial recognition of the non-monetary asset or non-monetary liability. Also, the Interpretation need not be applied to income taxes, insurance contracts or reinsurance contracts. This interpretation is effective for reporting periods beginning on or after January 1, 2018.

**IFRS 16 Leases**

IFRS 16 was issued in January 2016 and specifies how an IFRS reporter will recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17. This standard is effective for reporting periods beginning on or after January 1, 2019.

**4. Significant accounting judgments, estimates and assumptions**

The preparation of consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amount of assets and liabilities and the disclosure of contingent liabilities at the date of the consolidated financial statements and the reported amount of expenses during the reporting period.

Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates.

**Critical judgments**

The preparation of our consolidated financial statements requires us to make judgments regarding the going concern of the Company as discussed in Note 1.

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**Canadian Mining Corp.**  
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**Notes to the Consolidated Financial Statements**

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**For the six months ending December 31, 2016 and 2015**  
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**4. Significant accounting judgments, estimates and assumptions (continued)**

**Key sources of estimation uncertainty**

Because a precise determination of many assets and liabilities is dependent upon future events, the preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of assets and liabilities at the date of the consolidated financial statements and the reported amounts of expenses during the reporting periods. Actual results could differ from those estimates and such differences could be significant. Significant estimates made by management affecting our consolidated financial statements include:

*Share-based payments*

We measure our share-based payment expense by reference to the fair value of the stock options at the date at which they are granted. Estimating fair value for granted stock options requires determining the most appropriate valuation model which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the option, volatility, dividend yield, and rate of forfeitures and making assumption about them. The value of the share-based payment expense for the year along with the assumptions and model used for estimating fair value for share based compensation transactions are disclosed in note 7.

*Financial Instruments*

The fair values of financial instruments are estimated based upon market and third party inputs. These estimates are subject to change with fluctuations in commodity prices, interest rates, foreign currency exchange rates and estimates of non-performance risk.

*Deferred Tax Assets and Liabilities*

The measurement of deferred income tax provision is subject to uncertainty associated with the timing of future events and changes in legislation, tax rates and interpretations by tax authorities.

*Exploration and Evaluation Expenditure*

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

*Title to Mineral Property Interests*

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

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**5. Exploration and evaluation assets**

The Company has interests in a precious metal property located in the Arizona Bullard Pass area in Arizona, United States.

A summary of the capitalized acquisition and exploration expenditures on the Company's exploration and evaluation assets for the years ending June 30, 2016, 2015 and 2014 are as follows:

	(US) Bullard Pass (\$)
<b>Balance at June 30, 2015</b>	<b>6,886</b>
Additions during the year:	
Claim fees – 2016	4,647
<b>Balance at June 30, 2016</b>	<b>11,533</b>
Additions during the year:	
Claim fees – six months to December 2016	4,710
<b>Balance at December 31, 2016</b>	<b>16,243</b>

***Bullard Pass Gold Property, Arizona, United States***

In 2007, the Company staked the DB 1 to 176 mineral claims totaling 3,420 acres and acquired 476.52 acres of Arizona State land under mineral exploration permit #08-111861, for total land holdings of 3,896.52 acres located in the vicinity of the Harcuvar and Harquahala Mountains, Yavapai County, Arizona (the "Bullard Pass Property").

The Company has subsequently reduced its ownership interest in the Bullard Pass Property to 22 claims.

**6. Related party transactions**

Loans from related party

	<u>December 31, 2016</u>	<u>June 30, 2016</u>
<b>Canadian Zeolite Corp.</b>	<b>\$ 23,458</b>	<b>\$ 11,433</b>

The amounts are unsecured, non-interest bearing and have no fixed terms of repayment.

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**Canadian Mining Corp.**  
(formerly Canadian Zeolite Corp.)  
**Notes to the Consolidated Financial Statements**

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**For the six months ending December 31, 2016 and 2015**  
(Unaudited - Expressed in Canadian Dollars)

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**7. Share capital**

**(i) Authorized**

Unlimited number of common shares.

**(ii) Issued and outstanding**

At December 31, 2016 and June 30, 2016 the Company had 100 common shares issued and outstanding for \$100.

**(iii) Stock option plan**

The Company has adopted, and its shareholders have approved, a stock option plan whereby up to 10% of the outstanding shares of the Company as of the date of grant have been reserved for the grant and issuance to its employees, officers, directors and consultants. Under the plan, the exercise price of an option may not be set at less than the minimum price permitted by the TSX Venture Exchange, and the options may be exercisable for a period of up to five years. The aggregate number of options granted to any one individual during any 12-month period may not exceed 5% of the issued shares of the Company, or 2% in the case of consultants and investor relations representatives. The stock option plan provides for full vesting of the stock options on the date of approval of the options by the appropriate regulatory authority.

**8. Segmented information**

The Company has one operating segment, which is the exploration and development of mineral properties. The Company's principal operations are carried out in Canada. Exploration activities are carried out in the United States.

**9. Subsequent events**

On February 17, 2017 the Company announced that it had entered into a Vend-In Agreement and an Arrangement Agreement with its parent company, Canadian Zeolite Corp, ("Canadian Zeolite") pursuant to which Canadian Zeolite shall, upon shareholder approval, distribute the common shares it holds in Canadian Mining to Canadian Zeolite shareholders on the basis of one Canadian Mining Share for every five common shares held in Canadian Zeolite.

Closing of the Arrangement is subject to a number of conditions precedent, including but not limited to:

1. Canadian Mining Corp. completing an offering of 7,600,000 share units at \$0.09 per unit for net proceeds of at least \$650,000. Each unit will comprise one common share and one share purchase warrant entitling the holder to acquire one common share within one year of issuance.
2. The Arrangement being approved by two-thirds of Canadian Zeolite shareholders, warrant holders and option holders at an upcoming Annual General and Special Meeting;
3. The granting from the Supreme Court of British Columbia of an interim order authorizing the securities holders to approve the Arrangement and a final order approving the Plan of Arrangement;
4. The common shares of Canadian Mining being listed for trading on the TSX Venture Exchange.

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**Canadian Mining Corp.**  
(formerly Canadian Zeolite Corp.)  
**Notes to the Consolidated Financial Statements**

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**For the six months ending December 31, 2016 and 2015**  
(Unaudited - Expressed in Canadian Dollars)

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**10. Commitments**

The Company has no off balance sheet commitments.

**11. Capital management**

The Company manages its capital structure and makes adjustments based on the funds available in order to support continued operation and future business opportunities. 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 considers its capital to be equity.

The Company's operations are currently not generating positive cash flow; as such, the Company is dependent on external financing to fund its activities. In order to carry out potential expansion and to continue operations, and pay for administrative costs, the Company will spend its existing working capital, and raise additional amounts as needed. Companies in this stage typically rely upon equity and debt financing or joint venture partnerships to fund their operations. The current financial markets are very difficult and there is no certainty with respect to the Company's ability to raise capital.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

There were no changes in the Company's approach to capital management during the period ending December 31, 2016. The Company is not subject to externally imposed capital requirements.

**12. Financial instruments and risk management**

Fair value estimates of financial instruments are made at a specific point in time, based on relevant information about financial markets and specific financial instruments. As these estimates are subjective in nature, involving uncertainties and matters of significant judgment, they cannot be determined with precision. Changes in assumptions can significantly affect estimated fair values.

The carrying value of related party loans and advances approximate their fair value because of the short-term nature of these instruments.

*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. The Company's primary exposure to credit risk is \$Nil.

*Liquidity Risk*

Liquidity risk arises through the excess of financial obligations over available financial assets due at any point in time. The Company's objective in managing liquidity risk is to maintain sufficient readily available reserves in order to meet its liquidity requirements at any point in time. The Company manages its liquidity risk by forecasting cash flows from operations and anticipated investing and financing activities. The Company will be required to raise additional capital in the future to fund its operations.



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**Canadian Mining Corp.**  
(formerly Canadian Zeolite Corp.)  
**Notes to the Consolidated Financial Statements**

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**For the six months ending December 31, 2016 and 2015**  
*(Unaudited - Expressed in Canadian Dollars)*

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**12. Financial instruments and risk management (continued)**

*Market risk*

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices. These fluctuations may be significant and the Company, as all other companies in its industry, has exposure to these risks.

*a. Interest rate risk*

The Company is not subject to material interest rate risk.

*b. Currency risk*

The Company is not subject to material foreign currency risk.

*c. Price risk*

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices, other than those arising from interest rate risk or foreign currency risk. The Company is not exposed to such risk.

**Schedule "C"**  
**Canadian Zeolite Corp. / Canadian Mining Corp. Arrangement Agreement**

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## ARRANGEMENT AGREEMENT

THIS AGREEMENT made as of the 17<sup>th</sup> day of February, 2017.

### BETWEEN:

**CANADIAN ZEOLITE CORP.**, a corporation existing under the laws of British Columbia

("Canadian Zeolite")

### AND:

**CANADIAN MINING COMPANY INC.**, a corporation existing under the laws of British Columbia

("Spinco")

### WHEREAS:

- A. Canadian Zeolite and Spinco have agreed to proceed with a proposed transaction by way of Plan of Arrangement (as hereinafter defined) under section Sections 288 to 299 of the *Business Corporations Act* (British Columbia);
- B. Canadian Zeolite proposes to convene a meeting of its securityholders to consider the Arrangement (as hereinafter defined) on the terms set forth in the Plan of Arrangement annexed as Schedule "A" hereto; and
- C. the Parties (as hereinafter defined) to this Agreement have agreed to participate in and support such Arrangement.

**NOW THEREFORE THIS AGREEMENT WITNESSES** that, in consideration of the premises and the respective covenants and agreements herein contained, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by each of the Parties hereto, the Parties hereto covenant and agree as follows:

### PART 1 DEFINITIONS AND INTERPRETATION

**1.1 Definitions.** In this Agreement and the recitals hereto, unless the context otherwise requires, the following terms shall have the meanings hereinafter set forth:

"**Agreement**" means this Arrangement Agreement, including the recitals and schedules hereto, as the same may be supplemented or amended from time to time;

"**Arrangement**" means an arrangement under the provisions of sections 288 to 289 of the BCBCA on the terms and conditions set forth in this Agreement and the Plan of Arrangement, and any amendment or variation thereto in accordance with the terms hereof;

**“Arrangement Resolution”** means the Special Resolution of Canadian Zeolite Securityholders approving the Arrangement;

**“BCBCA”** means the *Business Corporations Act* (British Columbia), as amended;

**“Business Day”** means any day other than a Saturday, a Sunday or a day on which banks in Vancouver, British Columbia are not open for business;

**“Canadian Zeolite Optionholders”** means registered holders of issued and outstanding options to purchase Canadian Zeolite Shares;

**“Canadian Zeolite Securityholders”** means Canadian Zeolite Shareholders, Canadian Zeolite Optionholders and Canadian Zeolite Warrantheolders;

**“Canadian Zeolite Shareholders”** means the holders of Canadian Zeolite Shares;

**“Canadian Zeolite Shares”** means common shares in the capital of Canadian Zeolite as constituted on the date of this Agreement;

**“Canadian Zeolite Warrantheolders”** means registered holders of issued and outstanding warrants to purchase Canadian Zeolite Shares on the Share Exchange Record Date;

**“Circular”** means the definitive form, together with any amendments thereto, of the management proxy circular of Canadian Zeolite to be prepared and sent to the Canadian Zeolite Securityholders in connection with the Meeting;

**“Constating Documents”** means the articles of incorporation, the articles of continuance or the articles of amalgamation pursuant to which a corporation is incorporated, continued or amalgamated, as the case may be, together with any amendments thereto, and the bylaws of such corporation and any shareholders’ agreement which has been executed by such corporation and which governs in whole or in part such corporation’s affairs;

**“Concurrent Financing”** means SpinCo’s non-brokered private placement offering of common shares;

**“Court”** means the Supreme Court of British Columbia;

**“Effective Date”** means the date on which the Arrangement is made effective;

**“Exchange”** means the TSX Venture Exchange;

**“Final Order”** means the final order of the Court approving the Arrangement and the fairness of the terms and conditions thereof following the application contemplated by Section 4.2 of this Agreement;

**“Governmental Authority”** means any federal, provincial, state, municipal, county or regional governmental or quasi-governmental authority, domestic or foreign, and includes any ministry,

department, commission, bureau, board, administrative or other agency or regulatory body or instrumentality thereof;

**"Interim Order"** means the interim order of the Court pursuant to the application contemplated by Section 4.2 of this Agreement, as the same may be amended, supplemented or varied by the Court;

**"Meeting"** means the special meeting of the Canadian Zeolite Securityholders to be held to consider, among other matters, the Arrangement, and any adjournment or postponement thereof;

**"New Canadian Zeolite Common Shares"** means the New Canadian Zeolite Common Shares created as part of the Plan of Arrangement;

**"Parties"** means, together, Canadian Zeolite and Spinco;

**"Person"** means and includes an individual, sole proprietorship, partnership, unincorporated association, unincorporated syndicate, unincorporated organization, trust, body corporate, a trustee, executor, administrator or other legal representative and the Crown or any agency or instrumentality thereof;

**"Plan of Arrangement"** means the plan of arrangement substantially in the form set out as Schedule "A" hereto and any amendment or variation thereto made in accordance with the terms hereof;

**"Registrar"** means the registrar appointed pursuant to section 400 of the BCBCA;

**"Share Exchange Record Date"** means the date established by Canadian Zeolite for the purpose of determining (i) the Canadian Zeolite Shareholders entitled to receive New Canadian Zeolite Common Shares, and Spinco Shares; and the Canadian Zeolite Warrantholders who are entitled to receive Canadian Zeolite Amended Warrants and Spinco Warrants under the Arrangement;

**"Special Resolution"** means a resolution passed by a majority of not less than 2/3 of the votes cast by the Canadian Zeolite Securityholders who vote in respect of such resolution at the Meeting; and

**"Spinco Shares"** means common shares in the capital of Spinco; and

**"Spinco Warrants"** means the warrants to purchase Spinco Shares to be issued on exercise of the Canadian Zeolite Warrants.

**1.2 Interpretation.** For the purposes of this Agreement, except as otherwise expressly provided:

- (a) "this Agreement" means this Agreement, including the schedules hereto, and not any particular part, section or other portion hereof, and includes any agreement, document or instrument entered into, made or delivered pursuant to the terms

hereof, as the same may, from time to time, be supplemented or amended and in effect;

- (b) all references in this Agreement to a designated "part", "section", "subsection" or other subdivision or to a schedule are references to the designated part, section, subsection or other subdivision of, or schedule to, this Agreement;
- (c) the division of this Agreement into parts, sections and other portions and the insertion of headings are for convenience of reference only and are not intended to interpret, define or limit the scope, extent or intent of this Agreement or any provision hereof;
- (d) unless otherwise provided herein, all references to currency in this Agreement are to lawful money of Canada;
- (e) a reference in this Agreement to a statute includes all regulations made thereunder, all amendments to the statute or regulations in force from time to time, and any statute or regulation that supplements or supersedes such statute or regulations;
- (f) the singular of any term includes the plural, and vice versa, and the use of any term is generally applicable to any gender and, where applicable, a body corporate, firm or other entity, and the word "or" is not exclusive and the word "including" is not limiting whether or not non-limiting language (such as "without limitation" or "but not limited to" or words of similar import) is used with reference thereto;
- (g) a reference to time or date is to the local time or date in Vancouver, British Columbia, unless otherwise specifically indicated otherwise;
- (h) in the event that any date on which any action is required to be taken hereunder by any of the parties hereto is not a Business Day, such action shall be required to be taken on the next succeeding day which is a Business Day;
- (i) all references to "approval", "authorization" or "consent" in this Agreement means written approval, authorization or consent; and
- (j) this Agreement, together with the schedules, agreements and other documents herein or therein referred to, constitute the entire agreement among the parties pertaining to the subject matter hereof and supersedes all prior agreements, understandings, negotiations and discussions, whether oral or written, among the parties with respect to the subject matter hereof.

## PART 2 ARRANGEMENT

**2.1 Arrangement.** The Parties agree to effect the Arrangement pursuant to the provisions of Sections 288 to 299 of the BCBCA on the terms and subject to the conditions contained in this Agreement and the Plan of Arrangement.

**2.2 Effective Date of Arrangement.** The Arrangement shall become effective at 12:01 a.m. on the Effective Date.

**2.3 Commitment of Effective Arrangement.** Subject to satisfaction of the terms and conditions of this Agreement, the Parties shall each use all reasonable efforts and do all things reasonably required to cause the Arrangement to become effective on such date as Canadian Zeolite and Spinco may determine and, in conjunction therewith, to cause the transactions contemplated by the Plan of Arrangement to be completed on or prior to the Effective Date. Without limiting the generality of the foregoing, Canadian Zeolite shall proceed forthwith to apply for the Interim Order and, upon obtainment thereof, shall call the Meeting and mail the Circular to the Canadian Zeolite Securityholders.

**2.4 Circular.** As soon as practicable, Canadian Zeolite will prepare the Circular for mailing to the Canadian Zeolite Securityholders. The Circular will include all such information as is necessary to ensure compliance with the requirements of applicable corporate and securities laws of Canadian Zeolite in connection with the Canadian Zeolite Securityholders approval required for the Arrangement and compliance with the Interim Order.

**2.5 Canadian Zeolite Securityholder Meeting.**

- (a) As soon as practicable Canadian Zeolite will convene the Meeting. Canadian Zeolite will file the Circular with the appropriate regulatory authorities in all jurisdictions where the same is required to be filed and will mail the same to the Canadian Zeolite Securityholders and such other appropriate persons in accordance with applicable law and the Interim Order; and
- (b) Canadian Zeolite shall convene the Meeting in a timely and expeditious manner in accordance with the Interim Order and their Constatng Documents on a date mutually convenient to all parties involved in accordance with the Interim Order and will solicit proxies to be voted at those meetings in favour of the Arrangement and other matters incidental thereto.

**2.6 Filing of Final Order.** Subject to the rights of termination contained in Part 6 hereof, upon receiving Canadian Zeolite Securityholder approval for the Arrangement by Special Resolution in accordance with the provisions of the Interim Order and the BCBCA, and Canadian Zeolite obtaining the Final Order and the other conditions contained in Part 5 hereof being complied with or waived, Canadian Zeolite shall send a copy of the Final Order to the Registrar for filing pursuant to subsection 292(b) of the BCBCA, together with such other documents as may be required in order to effect the Arrangement. Upon such filing and issuance

by the Registrar of the certificate or certificates giving effect to the Arrangement, the Parties shall exchange such other documents as may be necessary or desirable in connection with the completion of the transactions contemplated by this Agreement and the Plan of Arrangement.

**2.7 Canadian Zeolite Securities Laws Compliance.** Canadian Zeolite will make all necessary filings and applications under Canadian provincial securities laws, rules and regulations required to be made by it in connection with the transactions contemplated herein and will take all reasonable actions necessary to comply with such laws, rules and regulations.

### **PART 3 REPRESENTATIONS AND WARRANTIES**

**3.1 Representations and Warranties of the Parties.** Each of the Parties represents and warrants to each other as follows:

- (a) it is a corporation duly incorporated or continued and validly subsisting under the laws of its incorporating jurisdiction, and has full capacity and authority to enter into this Agreement and, subject to obtaining the requisite approvals contemplated hereby, to perform its obligations hereunder;
- (b) it has taken all corporate actions necessary to authorize the execution and delivery of this Agreement, and this Agreement has been duly authorized by it;
- (c) neither the execution and delivery of this Agreement nor the performance of any of its covenants and obligations hereunder will constitute a material default under, or be in any material contravention or breach of:
  - (i) any provision of its constating documents, or any of its by-laws or other governing documents;
  - (ii) any judgment, decree, order, law, statute, rule or regulation applicable to it; or
  - (iii) any agreement or instrument to which it is a party or by which it is bound; and
- (d) no dissolution, winding-up, bankruptcy, liquidation or similar proceedings have been commenced or are pending or proposed in respect of it.

### **PART 4 COVENANTS**

**4.1 Covenants of Canadian Zeolite.** Canadian Zeolite hereby covenants and agrees with Spinco as follows:

- (a) until the Effective Date, Canadian Zeolite shall carry on its business in the ordinary course and shall not enter into any transaction or incur any obligation or



liability out of the ordinary course of its business, except as otherwise contemplated in this Agreement.

- (b) except as otherwise contemplated in this Agreement, until the Effective Date, Canadian Zeolite shall not merge into or with, or amalgamate, consolidate or enter into any other corporate reorganization with, any other corporation or Person or perform any act or enter into any transaction or negotiation which reasonably could be expected to, directly or indirectly, interfere or be inconsistent with the completion of the Arrangement or other transactions contemplated by this Agreement;
- (c) Canadian Zeolite shall, in a timely and expeditious manner, file the Circular in all jurisdictions where the Circular is required to be filed by Canadian Zeolite and mail or cause to be mailed the Circular to the Canadian Zeolite Securityholders, the directors of Canadian Zeolite and the auditors of Canadian Zeolite, all in accordance with the terms of the Interim Order and applicable law;
- (d) Canadian Zeolite shall perform the obligations required to be performed by it, and shall enter into all agreements required to be entered into by it under this Agreement and the Plan of Arrangement and shall do all such other acts and things as may be necessary or desirable in order to carry out and give effect to the Arrangement and related transactions as described in the Circular and, without limiting the generality of the foregoing, Canadian Zeolite shall seek:
  - (i) the approval of the Canadian Zeolite Securityholders required for the implementation of the Arrangement,
  - (ii) the Interim and Final Order as provided for in section 4.3, and
  - (iii) such other consents, orders, rulings, approvals and assurances as counsel may advise are necessary or desirable for the implementation of the Arrangement, including those referred to in section 5.1;
- (e) Canadian Zeolite will convene the Meeting as soon as practicable and will solicit proxies to be voted at the Meeting in favour of the Arrangement and all other resolutions referred to in the Circular; and
- (f) Canadian Zeolite will use all reasonable efforts to cause each of the conditions precedent set out in sections 5.1 and 5.2 to be complied with on or before the Effective Date.

**4.2 Covenants of Spinco** Spinco hereby covenants and agrees with Canadian Zeolite as follows:

- (a) except as otherwise contemplated in this Agreement, until the Effective Date, Spinco shall not merge, or suffer or permit any of its Subsidiaries to, merge into

or with, or amalgamate or consolidate, or enter into any other corporate reorganization with, any other corporation or Person, perform any act or enter into any transaction or negotiation which reasonably could be expected to, directly or indirectly, interfere or be inconsistent with the completion of the Arrangement or other transactions contemplated by this Agreement;

- (b) Spinco shall perform the obligations required to be performed by it, and shall enter into all agreements required to be entered into by it under this Agreement and the Plan of Arrangement and shall do all such other acts and things as may be necessary or desirable in order to carry out and give effect to the Arrangement and related transactions as described in the Circular and, without limiting the generality of the foregoing, Spinco shall cooperate with Canadian Zeolite in seeking:
  - (i) the Interim and Final Order as provided for in section 4.3, and
  - (ii) such other consents, orders, rulings, approvals and assurances as counsel may advise are necessary or desirable for the implementation of the Arrangement, including those referred to in section 5.1; and
- (c) Spinco will use all reasonable efforts to cause each of the conditions precedent set out in sections 5.1 and 5.2 to be complied with on or before the Effective Date.

**4.3 Interim Order and Final Order.** Canadian Zeolite covenants and agrees that it will, as soon as reasonably practicable, apply to the Court for the Interim Order providing for, among other things, the calling and holding of the Meeting for the purpose of, among other matters, considering and, if deemed advisable, approving the Arrangement and that, if the approval of the Canadian Zeolite Securityholders of the Arrangement as set forth in the Interim Order is obtained by Canadian Zeolite, as soon as practicable thereafter Canadian Zeolite will take the necessary steps to submit the Arrangement to the Court and apply for the Final Order in such fashion as the Court may direct. As soon as practicable thereafter, and subject to compliance with any other conditions provided for in Part 5 hereof and further subject to the termination provisions of section 6.2, Canadian Zeolite shall file with the Registrar, a certified copy of the Final Order and Articles of Arrangement to give effect to the Arrangement.

**4.4 Material Changes.** Each party will advise the other parties to this Agreement orally and in writing of any material change with respect to it or any of its Subsidiaries on a consolidated basis promptly after such material change has occurred.

## PART 5 CONDITIONS PRECEDENT

**5.1 Mutual Conditions Precedent.** The respective obligations of the Parties to complete the transactions contemplated by this Agreement, and the obligation of Canadian Zeolite to file a copy of the Final Order, Articles of Arrangement and other documents (if any) required to give

effect to the Arrangement with the Registrar, shall be subject to the satisfaction, on or before the Effective Date, of the following conditions:

- (a) the Interim Order shall have been granted in form and substance satisfactory to Canadian Zeolite;
- (b) the Arrangement, without amendment or with amendments acceptable to the Parties, shall have been approved at the Meeting by the Canadian Zeolite Securityholders in accordance with the Interim Order;
- (c) the Arrangement Resolution, without amendment or with amendments acceptable to the Parties, shall have been approved at the meeting;
- (d) the Final Order shall have been granted in form and substance satisfactory to Canadian Zeolite;
- (e) all approvals and consents, regulatory or otherwise, which are required in connection with the consummation of the transactions contemplated in this Agreement and in the Plan of Arrangement shall have been obtained;
- (f) the time period for the exercise of any right to dissent conferred upon the Canadian Zeolite Shareholders in respect of the Arrangement shall have expired and the Canadian Zeolite Shareholders shall not have exercised (and not abandoned) such right of dissent with respect to greater than 5% of the number of outstanding Canadian Zeolite Shares as of the Share Exchange Record Date;
- (g) no preliminary or permanent injunction, restraining order, cease trading order or order or decree of any domestic or foreign court, tribunal, governmental agency or other regulatory authority or administrative agency, board or commission, and no law, regulation, policy, directive or order shall have been enacted, promulgated, made, issued or applied to cease trade, enjoin, prohibit or impose material limitations on, the Arrangement or the transactions contemplated herein or in the Plan of Arrangement shall have been issued and remain in effect and no such action, proceeding or order shall, to the best of the knowledge of any one of the Parties, be pending or threatened and, without limiting the generality of the foregoing, no Person shall have filed any notice of appeal of the Final Order, and no Person shall have communicated to any one of the Parties (verbally or in writing) any intention to appeal the Final Order which, in the reasonable opinion of any one of the Parties (on the advice of legal counsel), would make it inadvisable to proceed with the implementation of the Arrangement;
- (h) there shall not exist any prohibition at law against the completion of the Arrangement;

- (i) the Spinco Shares shall have been conditionally approved for listing on the Exchange and the Exchange shall otherwise have granted its conditional approval to this Arrangement, as required;
- (j) SpinCo shall have closed the Concurrent Financing raising net proceeds of at least \$650,000; and
- (k) the Arrangement Agreement shall not have been terminated in accordance with Part 6 hereof.

**5.2 Conditions and Obligations of the Parties.** The obligation of the Parties to complete the transactions contemplated by this Agreement is further subject to the condition, which may be waived by any individual party to this Agreement without prejudice to its right to rely on any other condition in favour of such party, that each and every one of the covenants of the other parties hereto to be performed on or before the Effective Date pursuant to the terms of this Agreement shall have been duly performed by those parties and that, except as affected by the transactions contemplated by this Agreement, the representations and warranties of the other parties hereto shall be true and correct in all material respects as at the Effective Date, with the same effect as if such representations and warranties had been made at and as of such time.

## **PART 6 AMENDMENT AND TERMINATION**

**6.1 Amendment.** Subject to any applicable mandatory restrictions under the BCBCA or the Final Order, this Agreement may, at any time and from time to time before or after the holding of the Meeting, but not later than the Effective Date, be amended by written agreement of the Parties hereto without, subject to applicable law, further notice to or authorization on the part of the securityholders of either party.

**6.2 Termination.** This Agreement may, at any time before or after the holding of the Meeting but prior to the Effective Date, be unilaterally terminated by the board of directors of Canadian Zeolite without further notice to, or action on the part of, its shareholders for whatever reasons it may consider appropriate.

**6.3 Effect of Termination.** Upon the termination of this Agreement pursuant to section 6.2 hereof, none of the Parties shall have any liability or further obligation to any of the other parties to this Agreement.

**6.4 Termination for Non-Fulfilment.** This Agreement shall terminate if the conditions precedent set forth in Part 5 are not satisfied or waived, as therein contemplated.

## **PART 7 MERGER**

**7.1 Merger of Conditions.** The conditions set out in sections 5.1 and 5.2 shall be conclusively deemed to have been satisfied, waived or released upon the delivery to the Registrar

pursuant to subsection 292(b) of the BCBCA of a certified copy of the Final Order to give effect to the Arrangement and any amendments to the articles of each of the Parties.

**7.2 Merger of Representations, Warranties and Covenants.** The provisions of sections 4.1 and 4.2 shall be conclusively deemed to have been satisfied in all respects by the filing with the Registrar of a copy of the Final Order and of the Articles of Arrangement required to give effect to the Arrangement, and shall accordingly merge in and not survive the effectuation of the Arrangement by the issuance of the certificates of arrangement giving effect to the Arrangement.

## **PART 8 RIGHT TO DISSENT**

**8.1 Canadian Zeolite Shareholder(s).** Each Canadian Zeolite Shareholder is entitled to dissent and to be paid by Canadian Zeolite the fair value of the Canadian Zeolite Shares held by such holder, except as expressly indicated to the contrary in this section 8.1, in the manner set forth in sections 237 to 247 of the BCBCA in connection with the Arrangement, provided that the written objection to the Arrangement resolution referred to in section 242 of the BCBCA must be received by Canadian Zeolite not later than 5:00 p.m. (Vancouver time) on the Business Day preceding the Meeting, (ii) such holder shall not have voted any of his, her or its Canadian Zeolite Shares in favour of the Arrangement at the Meeting in person or by proxy, and (iii) any such holder who exercises such right to dissent and who:

- (a) is entitled to be paid for the fair value for his, her or its Canadian Zeolite Shares, shall be deemed to have transferred such shares to Canadian Zeolite for cancellation on the Effective Date but shall not be entitled to any other payment or consideration; or
- (b) is not entitled to be paid for the fair value for his, her or its Canadian Zeolite Shares, shall be deemed to have participated in the Arrangement on the same basis and at the same time as any non-dissenting Shareholder, and shall be entitled to New Canadian Zeolite Common Shares and Spinco Shares on the same basis as any non-dissenting Shareholder pursuant to this Plan of Arrangement.

**8.2 Effect of Dissent.** Upon compliance with section 8.1 hereof, Canadian Zeolite shall not be required to recognize Shareholders as shareholders of Canadian Zeolite after the Effective Date, and the names of such holders shall be removed from the applicable register of shareholders as at the Effective Date.

## **PART 9 GENERAL**

**9.1 Notices.** All notices which may or are required to be given pursuant to any provision of this Agreement shall be given or made in writing and shall be deemed to be validly given if served personally or by facsimile, in each case to the attention of the senior officer at the following addresses or at such other addresses as shall be specified by the parties by like notice:

(a) if to Canadian Zeolite or Spinco:

Suite 1400-1111 W. Georgia St.  
Vancouver B.C., V6E 4M3

Attention: Corporate Secretary  
Fax No.: 604-637-5624  
Email: [dianne@canadianzeolite.com](mailto:dianne@canadianzeolite.com)

Any notice that is delivered shall be deemed to be delivered on the date of delivery to such address if delivered on a Business Day prior to 5:00 p.m. (local time at the place of receipt) or on the next Business Day if delivered after 5:00 p.m. or on a non-Business Day. Any notice delivered by facsimile transmission shall be deemed to be delivered on the date of transmission if delivered on a Business Day prior to 5:00 p.m. (local time at the place of receipt) or the next Business Day if delivered after 5:00 p.m. or on a non-Business Day.

**9.2 Assignment.** No party may assign its rights or obligations under this Agreement or the Arrangement without the prior written consent of the other parties hereto.

**9.3 Binding Effect.** This Agreement and the Plan of Arrangement shall be binding upon and shall enure to the benefit of the Parties hereto and their respective successors and permitted assigns.

**9.4 Waiver.** Any waiver or release of any of the provisions of this Agreement, to be effective, must be in writing executed by the party granting the same.

**9.5 Governing Law.** This Agreement shall be governed by and construed in accordance with the laws of the Province of British Columbia and shall be treated in all respects as a British Columbia contract.

**9.6 Further Assurances.** Each of the Parties will from time to time promptly execute and deliver all further documents and take all further action necessary or appropriate to give effect to

and perform the provisions and intent of this Agreement and to complete the transactions contemplated hereby.

**9.7 Counterparts and Electronic Signatures.** This Agreement may be executed in one or more counterparts each of which shall be deemed an original but all of which together shall constitute one and the same instrument. Delivery of an executed signature page to this Agreement by any party by electronic transmission will be as effective as delivery of a manually executed copy of this Agreement by such party.

**IN WITNESS WHEREOF** the Parties hereto have executed this Agreement as at the date first written above.

**CANADIAN ZEOLITE CORP.**

Per:     "Ray Paquette"      
Authorized Signatory

**CANADIAN MINING COMPANY INC.**

Per:     "Ray Paquette"      
Authorized Signatory

## SCHEDULE "A"

### Plan of Arrangement

#### PLAN OF ARRANGEMENT UNDER SECTIONS 288 TO 299 OF THE *BUSINESS CORPORATIONS ACT* (BRITISH COLUMBIA)

#### ARTICLE 1 - INTERPRETATION

##### 1.1 Definitions

In this Plan of Arrangement:

- a) "Arrangement" means an arrangement under Sections 288 to 299 of the Business Corporations Act on the terms and conditions set forth in this Plan of Arrangement and any amendment or variation thereto made in accordance with the terms of the Arrangement Agreement;
- b) "Arrangement Agreement" means the arrangement agreement between Canadian Zeolite and Spinco dated February 16, 2017 to which this Plan of Arrangement is attached as Schedule "A";
- c) "Business Corporations Act" means the *Business Corporations Act*, S.B.C. 2002, c. 57, as amended;
- d) "Business Day" means any day which is not a Saturday, Sunday or a day on which banks are not open for business in the relevant place;
- e) "Canadian Zeolite" means Canadian Zeolite Corp., a company incorporated under the laws of British Columbia;
- f) "Canadian Zeolite Amended Warrants" means the warrants to purchase Canadian Zeolite Shares to be issued on exercise of the Canadian Zeolite Warrants;
- g) "Canadian Zeolite Circular" means the notice of the Canadian Zeolite Meeting and the accompanying management information circular, including all schedules thereto, to be sent to Canadian Zeolite Securityholders and others in connection with the Canadian Zeolite Meeting, together with any amendments or supplements thereto;
- h) "Canadian Zeolite Meeting" means the annual and special meeting of Canadian Zeolite Securityholders and any adjournment thereof to be held to consider and, if deemed advisable, approve, among other things, the Canadian Zeolite Resolution;
- i) "Canadian Zeolite Resolution" means the special resolution of the Canadian Zeolite Shareholders approving the Arrangement;
- j) "Canadian Zeolite Securityholders" means the Canadian Zeolite Shareholders, the Canadian Zeolite Warrantholders and the Canadian Zeolite Optionholders;
- k) "Canadian Zeolite Shareholders" means the registered holders of Canadian Zeolite Shares as of the Share Distribution Record Date;



- l) "Canadian Zeolite Shares" means the common shares in the capital of Canadian Zeolite as constituted on the date of the Arrangement Agreement and which will be renamed and redesignated as Class A Shares as described in Article 3.1(a)(i) below;
- m) "Canadian Zeolite Warrantholders" means the registered holders of Canadian Zeolite Warrants as of the Share Exchange Record Date;
- n) "Canadian Zeolite Warrants" means the issued and outstanding warrants to purchase Canadian Zeolite Shares at varying exercise prices and with varying expiry dates;
- o) "Canadian Zeolite Warrant Exercise Price" means the exercise price of the Canadian Zeolite Warrants;
- p) "Consideration Shares" means the Spinco Shares to be distributed to the Canadian Zeolite Shareholders as set out in section 3.1 herein;
- q) "Court" means the Supreme Court of British Columbia;
- r) "Dissenting Canadian Zeolite Shareholder" means a Canadian Zeolite Shareholder who duly exercises its Dissent Rights;
- s) "Dissent Rights" means the rights of dissent in respect to the Arrangement under the Business Corporations Act as described in Article 4;
- t) "Effective Date" means the date that is five Business Days after the last of the conditions precedent to the completion of the Arrangement have been satisfied or waived, or such earlier or later date as is agreed to by the parties;
- u) "Exchange" means the TSX Venture Exchange;
- v) "Final Order" means the final order of the Court made in connection with the approval of the Arrangement and the fairness of the terms and conditions thereof following the application therefor;
- w) "Interim Order" means the interim order of the Court providing for, among other things, the calling and holding of the Canadian Zeolite Meeting following the application therefor, as the same may be amended, supplemented or varied by the Court;
- x) "New Canadian Zeolite Common Shares" has the meaning ascribed to it in Article 3.1(a)(ii);
- y) "Notice of Dissent" means a notice given in respect of the Dissent Rights as contemplated in the Interim Order and as described in Article 4;
- z) "Plan of Arrangement" means this plan of arrangement, proposed under Sections 288 to 299 of the Business Corporations Act, as amended and supplemented from time to time in accordance herewith and any order of the Court;
- aa) "Registrar" means the Registrar of Companies appointed under Section 400 of the Business Corporations Act; and
- bb) "Share Exchange Record Date" means the date established by Canadian Zeolite for the purpose of determining the Canadian Zeolite Securityholders entitled to receive New Canadian Zeolite Common Shares and Spinco Shares under the Arrangement;

- cc) "Spinco Listing Date" means the date the Spinco Shares are listed for trading on the Exchange;
- dd) "Spinco Shares" means the common shares in the capital of Spinco; and
- ee) "Spinco Warrants" means the warrants to purchase Spinco Shares to be issued on exercise of the Canadian Zeolite Warrants;

## 1.2 Headings and References

The division of this Plan of Arrangement into Articles and sections and the insertion of headings are for convenience of reference only and do not affect the construction or interpretation of this Plan of Arrangement. Unless otherwise specified, references to sections are to sections of this Plan of Arrangement.

## 1.3 Number, etc.

Unless the context otherwise requires, words importing the singular number only shall include the plural and vice versa; words importing the use of any gender shall include all genders; and words importing persons shall include firms and corporations and vice versa.

## 1.4 Date of Any Action

In the event that any date on which any action is required to be taken hereunder by any of the parties is not a Business Day in the place where the action is required to be taken, such action shall be required to be taken on the next succeeding day which is a Business Day in such place.

## 1.5 Meaning

Words and phrases not otherwise defined herein and defined in the Business Corporations Act will have the same meaning herein as in the Business Corporations Act, unless the context otherwise requires.

# ARTICLE 2 - ARRANGEMENT AGREEMENT

## 2.1 Arrangement Agreement

This Plan of Arrangement is made pursuant to, is subject to the provisions of, and forms part of the Arrangement Agreement.

# ARTICLE 3 - THE ARRANGEMENT

## 3.1 The Arrangement

On the Effective Date, subject to the provisions of Article 4, the following shall occur and shall be deemed to occur without any further authorization, act or formality:

- a) Reorganization of Capital: The authorized capital of Canadian Zeolite and its notice of articles will be altered by:
  - (i) Renaming and redesignating all of the issued and unissued Canadian Zeolite Shares as Class A Shares; and
  - (ii) Creating an unlimited number of common shares without par value as the new Canadian Zeolite Common Shares ("New Canadian Zeolite Common Shares")

having the right, on liquidation of Canadian Zeolite, to the return of capital in priority to the Class A Shares, but otherwise with the same rights, privileges and restrictions as the Class A Shares;

- b) Share Exchange: On the capital organization described in paragraph (a) above, each issued and outstanding Class A Share, other than those held by Dissenting Shareholders, will be deemed to be exchanged for one New Canadian Zeolite Common Share and for every five (5) Class A Shares, one (1) Spinco Share rounded down to the nearest whole Spinco Share;
- c) Cancellation of Class A Shares: The Class A Shares, none of which will be allotted and issued once the steps referred to in (b) are completed, will be cancelled and the authorized capital of Canadian Zeolite and its notice of articles shall be amended by deleting the Class A Shares as a class of shares of Canadian Zeolite;
- d) Warrants: Each Canadian Zeolite Warrant, to the extent it has not been exercised as of the Share Exchange Record Date, will be cancelled and exchanged for one (1) Canadian Zeolite Amended Warrant and for every five (5) Canadian Zeolite Warrants held, one (1) Spinco Warrant rounded down to the nearest whole Spinco Warrant; and
- e) Concurrent financing: SpinCo shall have closed the Concurrent Financing raising net proceeds of at least \$650,000.

#### **ARTICLE 4 - RIGHTS OF DISSENT**

##### **4.1 Grant of Rights of Dissent**

Canadian Zeolite Shareholders registered as such on the record date of the Canadian Zeolite Meeting may exercise rights of dissent pursuant to and in the manner set forth in subsection 238(d) of the Business Corporations Act, provided that the Notice of Dissent duly executed by such Canadian Zeolite Shareholder is received by Canadian Zeolite's registered and records office 48 hours in advance of the time of the Canadian Zeolite Meeting. Dissenting Canadian Zeolite Shareholders who are ultimately entitled to be paid fair value for their Canadian Zeolite Shares shall be deemed to have transferred their Canadian Zeolite Shares to Canadian Zeolite for cancellation immediately prior to the Effective Date and in no case shall Canadian Zeolite be required to recognize such Persons as holding Canadian Zeolite Shares at and after the Effective Date, and the names of such Canadian Zeolite Shareholders shall be removed from Canadian Zeolite's register of shareholders as of the Effective Date.

##### **4.2 Failure to Properly Exercise Dissent Rights**

Canadian Zeolite Shareholders who do not duly exercise their Dissent Rights are not entitled to be paid fair value for their Canadian Zeolite Shares, shall be deemed to have participated in the Arrangement on the same basis as a Canadian Zeolite Shareholder who is not a Dissenting Canadian Zeolite Shareholder, and shall be entitled to receive New Canadian Zeolite Common Shares and Spinco Shares as provided in Article 3.1 of this Plan of Arrangement.

#### **ARTICLE 5 - SHARE EXCHANGE**

##### **5.1 Right to Receive Spinco Shares**

As soon as practicable following the Effective Date, Canadian Zeolite and Spinco will cause to be delivered to the Transfer Agent, to be delivered to Canadian Zeolite Shareholders as of the Share Exchange Record Date in accordance with the terms hereof, share certificates representing the aggregate New Canadian Zeolite Common Shares and Spinco Shares to which such Canadian Zeolite Shareholders are entitled following the Arrangement.

### **5.2 Canadian Zeolite Warrantholder Right to Receive Amended Canadian Zeolite Warrants and Spinco Warrants**

As soon as practicable following the Effective Date, Canadian Zeolite and Spinco will cause to be delivered to the Canadian Zeolite Warrant holders as of the Share Distribution Record Date in accordance with the terms hereof, warrant certificates representing the aggregate Canadian Zeolite Amended Warrants and Spinco Warrants to which such Canadian Zeolite Warrant holders are entitled to following the Arrangement. The Canadian Zeolite Amended Warrant's exercise price will be amended to reflect the spin-out of the Bullard Pass Property. The exercise price of the Canadian Zeolite Amended Warrants will be reduced based on the following formulae: Canadian Zeolite Warrant Exercise Price divided by five point three zero four (5.304) multiplied by four point four two zero (4.420). The exercise price for the Spinco Warrants issued to the Canadian Zeolite Warrant holders will be the lesser of the Canadian Zeolite Warrant Exercise Price, and the issue price per Spinco security issued in connection with the Concurrent Financing.

### **5.3 Illegality of Delivery of New Canadian Zeolite Common Shares and Spinco Shares**

Notwithstanding the foregoing, if it appears to Canadian Zeolite that it would be contrary to applicable law to issue or transfer the New Canadian Zeolite Common Shares and the Spinco Shares pursuant to the Arrangement to a person that is not a resident of Canada, New Canadian Zeolite Common Shares and the Spinco Shares that otherwise would be issued or transferred, as the case may be, to that person will be issued or transferred, as the case may be, and delivered to the registrar and transfer agent for sale of the New Canadian Zeolite Common Shares and the Spinco Shares by the registrar and transfer agent on behalf of that person. The New Canadian Zeolite Common Shares and the Spinco Shares delivered to the registrar and transfer agent will be pooled and sold as soon as practicable after the Effective Date, on such dates and at such prices as the registrar and transfer agent determines in its sole discretion. The registrar and transfer agent shall not be obligated to seek or obtain a minimum price for any of the New Canadian Zeolite Common Shares and the Spinco Shares sold by it. Each such person will receive a pro rata share of the cash proceeds from the sale of the New Canadian Zeolite Common Shares and the Spinco Shares sold by the registrar and transfer agent (less commissions, other reasonable expenses incurred in connection with the sale of the New Canadian Zeolite Common Shares and the Spinco Shares and any amount withheld in respect of Canadian or other taxes) in lieu of the New Canadian Zeolite Common Shares and the Spinco Shares. The net proceeds will be remitted in the same manner as set forth in this Article 5. None of Canadian Zeolite, Spinco or the registrar and transfer agent will be liable for any loss arising out of any such sales.

## **ARTICLE 6 - MISCELLANEOUS PROVISIONS**

### **6.1 Amendment of the Plan of Arrangement**

Spinco and Canadian Zeolite may jointly amend or supplement this Plan of Arrangement at any time and from time to time provided that such amendment or supplement must be contained in a written document which is filed with the Court and, if made following the Canadian Zeolite Meeting, approved by the Court and communicated to the Canadian Zeolite Securityholders in the manner, if any, required by the Court. Any amendment or supplement to this Plan of Arrangement may be proposed by Spinco and Canadian Zeolite, jointly, at any time prior to the Canadian Zeolite Meeting with or without any prior notice or communication and, if so proposed and accepted by the persons voting at the Canadian Zeolite Meeting, shall become part of this Plan of Arrangement for all purposes.

### **6.2 Arrangement Effectiveness**

The Arrangement will become final and conclusively binding on the Canadian Zeolite Securityholders and Canadian Zeolite on the Effective Date.

### **6.3 Supplementary Actions**

Notwithstanding that the transactions and events set out in Article 3.1 will occur and will be deemed to occur in the chronological order therein set out without any act or formality, Canadian Zeolite and Spinco will each make, do, execute and deliver, or cause and procure to be made, done, executed and delivered all such further acts, deeds, agreements, transfers, assurances, instruments or documents as may be required to give effect to this Plan of Arrangement, including, without limitation, any resolution of directors authorizing the issue or transfer of shares, any share transfer powers evidencing the transfer of shares and any receipt therefor, any necessary additions to or deletions from share registers.

**Schedule "D"**  
**Canadian Zeolite Corp. / Canadian Mining Corp. Vend-In Agreement**

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## VEND-IN AGREEMENT

**THIS AGREEMENT** is made as of the 17<sup>th</sup> day of February, 2017.

### **BETWEEN:**

**CANADIAN ZEOLITE CORP.**, a corporation continued under the laws of British Columbia

("Canadian Zeolite")

### **AND:**

**CANADIAN MINING COMPANY**, a corporation incorporated under the laws of British Columbia

("Canadian Mining")

### **WHEREAS:**

- A. Canadian Mining is a wholly owned subsidiary of Canadian Zeolite incorporated for the purpose of holding the Consideration Assets;
- B. Canadian Zeolite wishes to subscribe for the Canadian Mining Shares from Canadian Mining;
- C. Canadian Mining wishes to issue Canadian Zeolite the Canadian Mining Shares in consideration for the Canadian Mining Company of Arizona Shares and the Purchase Cash Amount; and
- D. terms not previously defined in these recitals have the meanings assigned to them in Section 1.1.

**NOW THEREFORE** in consideration of the mutual covenants, terms and agreements herein contained, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

## **PART 1 DEFINITIONS AND INTERPRETATION**

### **Definitions**

- 1.1 In this Agreement, unless the context otherwise requires, the following terms will have the meanings hereinafter set forth:

**"Applicable Law"** means, in respect of a party to this Agreement, the law (including statutes, rules and regulations) of such party's jurisdiction of incorporation or organization which would govern, or have application to, such party's participation in the transactions contemplated by this Agreement;

**“Arrangement Agreement”** means the arrangement agreement between Canadian Zeolite and Canadian Mining dated 16<sup>th</sup> day of February, 2017;

**“Business Day”** means each day other than a Saturday, a Sunday or any other day on which banking institutions in the City of Vancouver, British Columbia, are authorized or obligated by law or executive order to be closed;

**“Canadian Mining Company of Arizona”** means an Arizona Company, a company incorporated under the laws of Arizona wholly owned by Canadian Zeolite;

**“Canadian Mining Company of Arizona Shares”** means 100% of the issued and outstanding common shares of Canadian Mining Company of Arizona;

**“Canadian Mining Shares”** means such number of common shares of Canadian Mining Company as is equal to the total issued and outstanding common shares of Canadian Zeolite as of the Share Exchange Record Date divided by five;

**“Closing”** means the completion of the transaction contemplated herein and all of the acts, procedures and deliveries necessary in order to complete and implement the transactions contemplated by this Agreement;

**“Closing Date”** means the closing date for the Plan of Arrangement

**“Encumbrance”** means any mortgage, charge, pledge, hypothecation, security interest, lien, easement, right-of-way, encroachment, covenant, condition, right-of-entry, lease, license, assignment, option or claim or any other encumbrance, charge or any title defect of whatever kind of nature, regardless of form, whether or not registered or registrable and whether or not consensual or arising by law (statutory or otherwise);

**“Governmental Authority”** means any national, central, federal, provincial, state, municipal or county government or regional authority and includes any ministry, department, commission, bureau, board, administrative or other agency or regulatory body or instrumentality thereof;

**“Purchase Cash Amount”** has the meaning ascribed to it in section 2.2;

**“Subsidiary”** means a corporation, company or other form of enterprise that, in relation to another entity, is controlled, directly or indirectly, by that entity, or by one or more other entities each of which is controlled by that entity;

**“Share Exchange Record Date”** means the date established pursuant to the Arrangement Agreement and Plan of Arrangement by Canadian Zeolite for the purpose of determining the Canadian Zeolite Shareholders entitled to receive their pro-rata entitlement to Canadian Zeolite’s shareholdings in Canadian Mining;

**“Plan of Arrangement”** means a plan of arrangement whereby Canadian Zeolite plans to spin-out its shareholdings in Canadian Mining on a pro-rata basis to its shareholders as set forth in the Arrangement Agreement; and



**“Working Capital”** means current assets less current liabilities.

### **Interpretation**

1.2 For the purposes of this Agreement, except as otherwise expressly provided:

- (a) “this Agreement” means this agreement, including the schedules hereto, and not any particular part, section or other portion hereof, and includes any agreement, document or instrument entered into, made or delivered pursuant to the terms hereof, as the same may, from time to time, be supplemented or amended and in effect;
- (b) all references in this Agreement to a designated “part”, “section”, “subsection” or other subdivision or to a schedule are references to the designated part, section, subsection or other subdivision of, or schedule to, this Agreement;
- (c) the words “hereof”, “herein”, “hereto” and “hereunder” and other words of similar import refer to this Agreement as a whole and not to any particular part, section, subsection or other subdivision or schedule unless the context or subject matter otherwise requires;
- (d) the division of this Agreement into parts, sections and other portions and the insertion of headings are for convenience of reference only and are not intended to interpret, define or limit the scope, extent or intent of this Agreement or any provision hereof;
- (e) unless otherwise provided herein, all references to currency in this Agreement are to lawful money of Canada;
- (f) a reference in this Agreement to a statute includes all regulations made thereunder, all amendments to the statute or regulations in force from time to time, and any statute or regulation that supplements or supersedes such statute or regulations;
- (g) the singular of any term includes the plural, and vice versa, and the use of any term is generally applicable to any gender and, where applicable, a body corporate, firm or other entity, and the word “or” is not exclusive and the word “including” is not limiting whether or not non-limiting language (such as “without limitation” or “but not limited to” or words of similar import) is used with reference thereto;
- (h) in the event that any date on which any action is required to be taken hereunder by any of the parties hereto is not a Business Day, such action will be required to be taken on the next succeeding day which is a Business Day; and
- (i) all references to “approval”, “authorization” or “consent” in this Agreement mean written approval, authorization or consent.

**PART 2  
VEND-IN**

**Transaction**

- 2.1 Subject to the terms and conditions of this Agreement, Canadian Zeolite hereby agrees to subscribe for, purchase and take up the Canadian Mining Shares in accordance with the terms of this Agreement.

**Consideration**

- 2.2 As consideration for the issuance of the Canadian Mining Shares, Canadian Zeolite hereby agrees to sell, transfer and assign to Canadian Mining the following:
- (a) Canadian Mining Company of Arizona Shares; and
  - (b) \$16,243 (the "**Purchase Cash Amount**").

**PART 3  
REPRESENTATIONS AND WARRANTIES**

**Representations and Warranties of Both Parties**

- 3.1 Each party warrants and represents to the other party as follows and acknowledges that the other party is relying upon such representations and warranties in consummating the transactions contemplated by this Agreement:
- (a) it is a corporation duly continued, organized and validly existing and current with respect to all filings required under the laws of its jurisdiction of continuation, it has the corporate power and authority, and is duly licensed or qualified, to do business as now conducted by it and is in good standing in those jurisdictions where necessary in order to carry out the purposes of this Agreement and no proceedings have been taken or authorized by it or, to the best of its knowledge, by any other person, with respect to its bankruptcy, insolvency, liquidation, dissolution or winding-up;
  - (b) its execution and delivery of this Agreement, including all matters contemplated hereby, has been authorized by all necessary corporate action and the party has the corporate power and authority to enter into and perform its obligations under this Agreement; and
  - (c) there are no actions, suits, proceedings or investigations commenced, or to the best its knowledge, contemplated or threatened, against or affecting it or any of its

Subsidiaries or before or by any person or Governmental Authority or before any arbitrator of any kind.

### **Additional Representations and Warranties of Canadian Zeolite**

3.2 Canadian Zeolite represents and warrants to and in favour of Canadian Mining as follows and acknowledges that Canadian Mining is relying upon such representations and warranties in consummating the transactions contemplated by this Agreement:

- (a) Canadian Mining Company of Arizona (i) is duly incorporated, organized and validly existing and current and up-to-date with respect to all filings required under the laws of its jurisdiction of incorporation, (ii) has the corporate power and authority to own or lease its property and assets and to carry on its business as now conducted by it and as previously carried on by it, (iii) is duly licensed or qualified as a foreign corporation in each jurisdiction in which the character of the property and assets now owned by it or the nature of its business as now conducted by it and as previously carried on by it requires it to be so licensed or qualified (save where failure to have such licence or qualification is not, in the aggregate, material), and no proceedings have been taken or authorized by Canadian Zeolite or any of its Subsidiaries or, to the best of the knowledge of Canadian Zeolite, by any other person, with respect to the bankruptcy, insolvency, liquidation, dissolution or winding up of any of Canadian Mining Company of Arizona;
- (b) Canadian Mining Company of Arizona Assets are legally and beneficially owned by Canadian Zeolite, in each case with good and marketable title hereto free and clear of Encumbrances and no person has any option, right of first refusal or other right to acquire any of such issued and outstanding shares;
- (c) Canadian Mining Company of Arizona has duly filed on a timely basis all tax returns required to be filed by them and have paid all taxes which are due and payable, and have paid all assessments and reassessments, and all other taxes, governmental charges, penalties, interest and fines due and payable on or before the date hereof; adequate provision has been made for taxes payable for the current period for which tax returns are not yet required to be filed; there are no agreements, waivers or other arrangements, providing for an extension of time with respect to the filing of any tax return by, or payment of any tax, governmental charge or deficiency against Canadian Mining Company of Arizona; there are no actions, suits, proceedings, investigations or claims now threatened or pending against Canadian Mining Company of Arizona in respect of taxes, governmental charges or assessments, nor any matters under discussion with any Governmental Authority relating to taxes, governmental charges or assessments asserted by any such authority; and
- (d) to the best of Canadian Zeolite's knowledge, the business of Canadian Mining Company of Arizona is being conducted in all material respects in compliance with all Applicable Laws.

## **Knowledge**

- 3.3 For the purposes of any representation or warranty in this Part 3 made to a party's "knowledge", the term "knowledge" means actual knowledge of:
- (a) the indicated conclusion in respect of the relevant matter; or
  - (b) facts that would reasonably lead to the indicated conclusion in respect of the relevant matter, on the part of the senior officers of the representing party.

## **PART 4 COVENANTS**

### **Covenants of Canadian Zeolite**

- 4.1 Canadian Zeolite hereby covenants and agrees as follows:
- (a) until the Closing, Canadian Zeolite will, and will cause Canadian Mining Company of Arizona to, conduct and operate their business and affairs in the ordinary course consistent with past management practice, to preserve its present business and organization intact, to exercise reasonable efforts to keep available the services of its present officers and employees, and to preserve its goodwill with all persons having business dealings with it, all except as otherwise contemplated in this Agreement;
  - (b) until the Closing, other than pursuant as expressly consented to in writing by Canadian Mining (which consent shall not be unreasonably withheld), Canadian Zeolite will not permit Canadian Mining Company of Arizona to merge into or with, or amalgamate or consolidate with, or enter into any other corporate reorganization with, any other corporation or person or perform any act or enter into any transaction or negotiation which might interfere with or be inconsistent with the successful completion of the transaction contemplated hereby, or which would render inaccurate any of the representations or warranties set forth herein if such representations and warranties were made at a date subsequent to such act or transaction and all references to the date hereof were references to such later date, and, without limiting the generality of the foregoing, Canadian Zeolite will not permit Canadian Mining Company of Arizona to:
    - (i) make any distribution by way of dividend, distribution of property or assets, return of capital or otherwise to or for the benefit of its shareholders,
    - (ii) increase or decrease its paid-up capital or purchase or redeem any shares,
    - (iii) issue, authorize or propose the issuance of, or purchase or propose the purchase of, any of its shares or securities convertible into, or rights, warrants or options to acquire, any such shares, convertible securities,

rights, warrants or options nor enter into any commitment or agreement therefor,

- (iv) guarantee the payment of indebtedness or incur indebtedness for money borrowed or issue or sell any debt securities, which indebtedness or debt securities would be material, individually or in the aggregate to its business or financial condition nor grant any security over any assets material to Canadian Zeolite, taken as a whole,
- (v) amend any stock option or any other stock option plan or share purchase plan, grant any director, officer or employee any increase in compensation or benefits,
- (vi) take or fail to take any action within its control which would result in a condition precedent to this Agreement not being satisfied,
- (vii) acquire or agree to acquire, by purchase or otherwise, the assets or shares of any business, corporation, partnership, association or other entity or division thereof, which acquisition would be material to its business or financial condition,
- (viii) sell, lease or otherwise dispose of, or enter into, any agreement or arrangement giving any person an option or a right, absolute or contingent, to acquire, or permit any person to negatively affect the value of, any of its assets or properties that are material, individually or in the aggregate, to its business or financial condition;
- (ix) enter into any other agreement that would be material to the business, operations, assets, liabilities, financial condition or prospects of Canadian Mining Company of Arizona.

## **PART 5 CLOSING**

### **Closing Deliveries by Canadian Zeolite**

5.1 At Closing, Canadian Zeolite will deliver the following to Canadian Mining:

- (a) a statement setting out the its total issued and outstanding common shares as at the Share Exchange Record Date;
- (b) certified copies of the resolutions of the board of directors of Canadian Zeolite approving this Agreement and the consummation of the transactions contemplated by this Agreement;
- (c) bank draft to, or to the direction of, Canadian Mining Company, representing the Purchase Cash Amount payable to Canadian Mining at Closing; and

- (d) share certificate(s), registered to, or to the direction of, Canadian Mining, representing the Canadian Mining Company of Arizona Shares (to the extent such shares have not been previously sold by Canadian Zeolite) transferred to Canadian Mining at Closing.

### **Closing Deliveries by Canadian Mining**

- 5.2 At Closing, Canadian Mining will deliver the following to Canadian Zeolite:
- (a) certified copies of the resolutions of the board of directors of Canadian Mining approving this Agreement and the consummation of the transactions contemplated by this Agreement; and
  - (b) share certificate(s), registered to, or to the direction of, Canadian Zeolite, representing the Canadian Mining Shares issuable to Canadian Zeolite at Closing.

## **PART 6 GENERAL**

### **Entire Agreement**

- 6.1 This Agreement supersedes any previous written or oral agreement between the parties in relation to the matters dealt with in this Agreement and contains the whole agreement between the parties relating to the subject matter of this Agreement at the date hereof to the exclusion of any terms implied by law which may be excluded by contract. Each of the parties acknowledges that it has not been induced to enter into this Agreement by any representation, warranty or undertaking not expressly incorporated herein. So far as permitted by law and except in the case of fraud, each party agrees and acknowledges that its only right and remedy in relation to any representation, warranty or undertaking made or given in connection with this Agreement shall be for breach of the terms of this Agreement to the exclusion of all other rights and remedies (including those in tort or arising under statute).

### **Amendment**

- 6.2 Save as otherwise expressly provided herein, no modification, amendment or waiver of any of the provisions of this Agreement shall be effective unless made in writing specifically referring to this Agreement and duly signed by the parties hereto.

### **Assignment**

- 6.3 Neither party may assign any of its rights or obligations under this Agreement without the prior written consent of the other party.

**Further Assurances**

- 6.4 Each of the parties, upon the request of any other party, whether before or after the Closing, shall do, execute, acknowledge and deliver or cause to be done, executed, acknowledged or delivered all such further acts, deeds, documents, assignments, transfers, conveyances and assurances as may be reasonably necessary or desirable to effect complete consummation of the transactions contemplated by this Agreement.

**Counterparts**

- 6.5 This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original but all of which together shall constitute one and the same instrument.

**Environment**

- 6.6 This Agreement will enure to the benefit of and be binding upon the parties hereto and their respective successors and permitted assigns.

**Governing Law**

- 6.7 This Agreement shall be governed by and interpreted in accordance with the laws of British Columbia. The parties hereby submit to the non-exclusive jurisdiction of the British Columbia courts in connection with any action or proceeding relating to this Agreement and the documentation to be entered into pursuant hereto or the transactions contemplated hereby or thereby.

*[Signature page to follow]*

**IN WITNESS WHEREOF**, the parties hereto have executed this Agreement as of the date first above written.

**CANADIAN ZEOLITE CORP.**

**CANADIAN MINING COMPANY**

Per: \_\_\_\_\_  
Authorized Signatory

Per: \_\_\_\_\_  
Authorized Signatory



**Schedule "E"**  
**Canadian Mining Corp. Stock Option Plan**

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Dated for Reference March 15<sup>th</sup>, 2017

CANADIAN MINING CORP.  
(the "Company")

STOCK OPTION PLAN

ARTICLE 1  
PURPOSE AND INTERPRETATION

**Purpose**

1.1 The purpose of this Plan will be to advance the interests of the Company by encouraging equity participation through the acquisition of Common Shares of the Company. It is the intention of the Company that this Plan will at all times be in compliance with the rules and policies of the TSX Venture Exchange (or "TSX Venture") (the "TSX Venture Policies") and any inconsistencies between this Plan and the TSX Venture Policies whether due to inadvertence or changes in TSX Venture Policies will be resolved in favour of the latter.

**Definitions**

1.2 In this Plan

**Affiliate** means a company that is a parent or subsidiary of the Company, or that is controlled by the same entity as the Company;

**Associate** has the meaning assigned by the Securities Act;

**Blackout Period** means a period, formally imposed by the Company's policy respecting restrictions on Participants' trading, during which designated Participants cannot trade Common Shares as a result there existing bona fide undisclosed Material Information with respect to the Company which is in effect at that time (which, for greater certainty, does not include the period during which a cease trade order is in effect to which the Company or, in respect of a Participant, that Participant are subject;

**Board** means the board of directors of the Company or any committee thereof duly empowered or authorized to grant options under this Plan;

**Change of Control** includes situations where after giving effect to the contemplated transaction and as a result of such transaction:

(i) any one Person holds a sufficient number of voting shares of the Company or resulting company to affect materially the control of the Company or resulting company;  
or

(ii) any combination of Persons, acting in concert by virtue of an agreement, arrangement, commitment or understanding, hold in total a sufficient number of voting shares of the Company or its successor to affect materially the control of the Company or its successor,

where such Person or combination of Persons did not previously hold a sufficient number of voting shares to affect materially control of the Company or its successor. In the absence of evidence to the contrary, any Person or combination of Persons acting in concert by virtue of an agreement,

arrangement, commitment or understanding, holding more than 50% of the voting shares of the Company or its successor is deemed to materially affect the control of the Company or its successor;

**Common Shares** means common shares without par value in the capital of the Company providing such class is listed on the TSX Venture;

**Company** means Canadian Mining Corp. and any successor corporation thereof, unless the context otherwise requires, all of its subsidiaries or affiliates and successors according to law;

**Consultant** means a Person or Consultant Company, other than an Employee, Officer or Director that:

- (i) provides on an ongoing bona fide basis, consulting, technical, managerial or like services to the Company or an Affiliate of the Company, other than services provided in relation to a Distribution;
- (ii) provides the services under a written contract between the Company or an Affiliate and the Person or the Consultant Company, as the case may be;
- (iii) in the reasonable opinion of the Company, spends or will spend a significant amount of time and attention on the business and affairs of the Company or an Affiliate of the Company; and
- (iv) has a relationship with the Company or an Affiliate that enables the Person or Consultant Company to be knowledgeable about the business and affairs of the Company;

**Consultant Company** means a Consultant that is a company;

**Directors** means the directors of the Company as may be elected from time to time;

**Discounted Market Price** has the meaning assigned by Policy 1.1 of the TSX Venture Policies;

**Disinterested Shareholder Approval** means approval by a majority of the votes cast by all the Company's shareholders at a duly constituted shareholders' meeting, excluding votes attached to shares beneficially owned by Service Providers or their Associates;

**Distribution** has the meaning assigned by the Securities Act, and generally refers to a distribution of securities by the Company from treasury;

**Effective Date** for an Option means the date of grant thereof by the Board;

**Employee** means:

- (a) a Person who is considered an employee under the *Income Tax Act* (Canada) (i.e. for whom income tax, employment insurance and Canadian Pension Plan deductions must be made at source);
- (b) a Person who works full-time for the Company or its subsidiary providing services normally provided by an employee and who is subject to the same control and direction by the Company over the details and methods of work as an employee of the Company, but for whom income tax deductions are not made at source; or

- (c) a Person who works for the Company or its subsidiary on a continuing and regular basis for a minimum amount of time per week providing services normally provided by an employee and who is subject to the same control and direction by the Company over the details and methods of work as an employee of the Company, but for whom income tax deductions need not be made at source;

**Exercise Price** means the amount payable per Common Share on the exercise of an Option, as determined in accordance with the terms hereof;

**Expiry Date** means the day on which an Option lapses as specified in the Option Commitment therefor or in accordance with the terms of this Plan;

**Fair Market Value** of a Common Share on a day means the closing price of the Common Shares on the TSX Venture on the last trading day on which Common Shares traded prior to such day; provided that, if no Common Shares traded in the five trading days prior to such day, the Fair Market Value shall be the average of the closing bid and ask prices over the last five trading days prior to such day;

**Insider** means

- (i) an insider as defined in the TSX Venture Policies or as defined in securities legislation applicable to the Company; or
- (ii) an Associate of any person who is an Insider by virtue of subsection (i) above;

**Investor Relations Activities** has the meaning assigned by Policy 1.1 of the TSX Venture Policies, and means generally any activities or communications that can reasonably be seen to be intended to or be primarily intended to promote the merits or awareness of or the purchase or sale of securities of the Company;

**Listed Shares** means the number of issued and outstanding shares of the Company that have been accepted for listing on the TSX Venture, but excluding dilutive securities not yet converted into Listed Shares;

**Management Company Employee** means a Person employed by another Person or a corporation providing management services to the Company which are required for the ongoing successful operation of the business enterprise of the Company, but excluding a corporation or Person engaged primarily in Investor Relations Activities;

**Material Information** has the meaning assigned by Policy 1.1 of the TSX Venture Policies;

**NEX** means a separate board of TSX Venture for companies previously listed on TSX Venture or the Toronto Stock Exchange which have failed to maintain compliance with the ongoing financial listing standards of those markets;

**Officer** means a duly appointed senior officer of the Company;

**Option** means the right to purchase Common Shares granted hereunder to a Service Provider;

**Option Commitment** means the notice of grant of an Option delivered by the Company hereunder to a Service Provider and substantially in the form of Schedule A hereto;

**Optioned Shares** means Common Shares that may be issued in the future to a Service Provider upon the exercise of an Option;

**Optionee** means the recipient of an Option hereunder;

**Participant** means a Service Provider that becomes an Optionee;

**Person** means a company or an individual;

**Plan** means this Share Option Plan, the terms of which are set out herein or as may be amended;

**Plan Shares** means the total number of Common Shares which may be reserved for issuance as Optioned Shares under the Plan as provided in Section 2.2;

**Regulatory Approval** means the approval of the TSX Venture and any other securities regulatory authority that may have lawful jurisdiction over the Plan and any Options issued hereunder;

**Securities Act** means the *Securities Act*, R.S.B.C. 1996, c. 418, as amended from time to time;

**Service Provider** means a Person who is a bona fide Director, Officer, Employee, Management Company Employee or Consultant, and also includes a company, of which 100% of the share capital is beneficially owned by one or more Person Service Providers;

**Share Compensation Arrangement** means any Option under this Plan but also includes any other stock option, stock option plan, employee stock purchase plan or any other compensation or incentive mechanism involving the issuance or potential issuance of Common Shares to a Service Provider;

**Shareholders Approval** means approval by a majority of the votes cast by eligible shareholders at a duly constituted shareholders' meeting;

**TSX Venture** has the meaning given to it in Section 1.1 and includes any successor thereto; and

**TSX Venture Policies** has the meaning given to it in Section 1.1 as same may be amended from time to time.

#### **Other Words and Phrases**

1.3 Words and Phrases used in this Plan but which are not defined in the Plan, but are defined in the TSX Venture Policies, will have the meaning assigned to them in the TSX Venture Policies.

#### **Gender**

1.4 Words importing the masculine gender include the feminine or neuter, words in the singular include the plural, words importing a corporate entity include individuals, and vice versa.

## ARTICLE 2 SHARE OPTION PLAN

### Establishment of Share Option Plan

2.1 There is hereby established a Share Option Plan to recognize contributions made by Service Providers and to create an incentive for their continuing assistance to the Company and its Affiliates, pursuant to which Options may be granted by the Company in accordance with the terms of hereof to purchase such number of Shares as the Board may determine from time to time, in accordance with and subject to the provisions of this Plan.

### Maximum Plan Shares

2.2 The maximum aggregate number of Plan Shares that may be reserved for issuance under the Plan at any time plus the number of Common Shares reserved for issuance under outstanding incentive stock options otherwise granted by the Company shall not exceed ten percent (10%) of the issued and outstanding Common Shares on a non-diluted basis, and such number shall increase or decrease as the number of issued and outstanding Common Shares changes.

### Eligibility

2.3 Options to purchase Common Shares may be granted hereunder to Service Providers from time to time by the Board. Service Providers that are corporate entities will be required to undertake in writing not to effect or permit any transfer of ownership or option of any of its shares, nor issue more of its shares (so as to indirectly transfer the benefits of an Option), as long as such Option remains outstanding, unless the written permission of the TSX Venture and the Company is obtained.

### Options Granted Under the Plan

2.4 All Options granted under the Plan will be evidenced by an Option Commitment in the form attached as Schedule A, showing the number of Optioned Shares, the term of the Option, a reference to vesting terms, if any, and the Exercise Price.

2.5 Subject to specific variations approved by the Board, all terms and conditions set out herein will be deemed to be incorporated into and form part of an Option Commitment made hereunder.

### Limitations on Issue

2.6 Subject to Section 2.9, the following restrictions on issuances of Options are applicable under the Plan:

- (a) no Service Provider can be granted an Option if that Option would result in the total number of Options, together with all other Share Compensation Arrangements granted to such Service Provider in the previous 12 months, exceeding 5% of the Listed Shares, calculated at the time of grant (unless the Company has obtained Disinterested Shareholder Approval under Section 2.9(a)(iii) to do so);
- (b) no Options can be granted under the Plan if the Company is designated "Inactive" (as defined in TSX Venture Policies) by the TSX Venture;
- (c) the aggregate number of Options granted to Service Providers conducting Investor Relations Activities in any 12-month period must not exceed 2% of the Listed Shares, calculated at the time of grant, without the prior consent of TSX Venture;

(d) the aggregate number of options granted to any one Consultant in any 12-month period must not exceed 2% of the Listed Shares, calculated at the time of grant, without the prior consent of TSX Venture; and

(e) no Options can be granted under the Plan while the Board is aware of any undisclosed Material Information relating to the Company.

### **Options Not Exercised**

2.7 In the event an Option granted under the Plan expires unexercised or is terminated by reason of dismissal of the Optionee for cause or is otherwise lawfully cancelled prior to exercise of the Option, the Optioned Shares that were issuable thereunder will be returned to the Plan and will be eligible for re-issue.

### **Powers of the Board**

2.8 The Board will be responsible for the general administration of the Plan and the proper execution of its provisions, the interpretation of the Plan and the determination of all questions arising hereunder. Without limiting the generality of the foregoing, the Board has the power to:

- (a) allot Common Shares for issuance in connection with the exercise of Options;
- (b) grant Options hereunder;
- (c) subject to Regulatory Approval, amend, suspend, terminate or discontinue the Plan, or revoke or alter any action taken in connection therewith, except that no general amendment or suspension of the Plan will, without the written consent of all Optionees, alter or impair any Option previously granted under the Plan unless as a result of a change in TSX Venture Policies or the Company's tier classification thereunder;
- (d) delegate all or such portion of its powers hereunder as it may determine to one or more committees of the Board, either indefinitely or for such period of time as it may specify, and thereafter each such committee may exercise the powers and discharge the duties of the Board in respect of the Plan so delegated to the same extent as the Board is hereby authorized so to do; and
- (e) may in its sole discretion amend this Plan (except for previously granted and outstanding Options) to reduce the benefits that may be granted to Service Providers (before a particular Option is granted) subject to the other terms hereof.

### **Terms or Amendments Requiring Disinterested Shareholder Approval**

2.9 The Company will be required to obtain Disinterested Shareholder Approval prior to any of the following actions becoming effective:

- (a) the Plan, together with all of the Company's previously established and outstanding stock option plans or grants, could permit at any time in:
  - (i) the aggregate number of shares reserved for issuance under stock options granted to Insiders (as a group at any point in time) exceeding 10% of the Listed Shares;
  - (ii) the number of Optioned Shares issued to Insiders (as a group) within a one-year period exceeding 10% of the Listed Shares calculated at the date an Option is granted to any Insider; or,

- (iii) the issuance to any one Optionee (and companies wholly owned by that Optionee), within a 12-month period, of a number of shares exceeding 5% of Listed Shares; or
- (b) any reduction in the Exercise Price of an Option previously granted to an Optionee where the Optionee is an Insider at the time of proposed amendment.

### **ARTICLE 3 TERMS AND CONDITIONS OF OPTIONS**

#### **Exercise Price**

3.1 The Exercise Price of an Option will be set by the Board at the time such Option is allocated under the Plan, and cannot be less than the Discounted Market Price.

#### **Term of Option**

3.2 An Option can be exercisable for a maximum of 10 years from the Effective Date.

3.3 Should the term of an Option expire on a date that falls within a Blackout Period, such expiration date shall be automatically extended without any further act or formality to that date which is the 10<sup>th</sup> business day after the end of the Blackout Period, such 10<sup>th</sup> business day to be considered the expiration date for such Option for all purposes under the Plan. Notwithstanding Sections 3.4 and 3.5 of this Plan, the 10 business day period referred to in this Section 3.3 may not be extended by the Board.

#### **Option Amendment**

3.4 Subject to Section 2.9(b), the Exercise Price of an Option may be amended only if at least 6 months have elapsed since the later of the date of commencement of the term of the Option, the date the Company's shares commenced trading on the TSX Venture, or the date of the last amendment of the Exercise Price.

3.5 An Option must be outstanding for at least one year before the Company may extend its term, subject to the limits contained in Sections 3.2 and 3.3.

3.6 Any proposed amendment to the terms of an Option must be approved by the TSX Venture prior to the exercise of such Option.

#### **Vesting of Options**

3.7 Vesting of Options is otherwise at the discretion of the Board, and will generally be subject to:

- (a) the Service Provider remaining employed by, or continuing to provide services to, the Company or any of its subsidiaries and Affiliates as well as, at the discretion of the Board, achieving certain milestones which may be defined by the Board from time to time or receiving a satisfactory performance review by the Company or its subsidiary or affiliate during the vesting period; or
- (b) remaining as a Director of the Company or any of its subsidiaries or Affiliates during the vesting period.

3.8 In the event of a Change of Control, unless otherwise determined by the Board, (i) all Options outstanding shall immediately vest and be exercisable; and (ii) all Options that are



not otherwise exercised contemporaneously with the completion of the Change of Control will terminate and expire immediately thereafter.

#### **Vesting of Options Granted for Investor Relations Activities**

3.9 Options granted to Consultants conducting Investor Relations Activities will vest:

- (a) over a period of not less than 12 months as to 25% on the date that is three months from the date of grant, and a further 25% on each successive date that is three months from the date of the previous vesting; or
- (b) such longer vesting period as the Board may determine.

#### **Variation of Vesting Periods**

3.10 At the time an Option is granted which carries vesting provisions, the Board may vary such vesting provisions provided in Sections 3.7 and 3.9, subject to Regulatory Approval.

#### **Optionee Ceasing to be Director, Employee or Service Provider**

3.11 No Option may be exercised after the Service Provider has left the employ/office or has been advised his services are no longer required or his service contract has expired, except as follows:

- (a) in the case of the death of an Optionee, any vested Option held by him at the date of death will become exercisable by the Optionee's lawful personal representatives, heirs or executors until the earlier of one year after the date of death of such Optionee and the date of expiration of the term otherwise applicable to such Option;
- (b) Options granted to any Service Provider must expire within 90 days after the date the Optionee ceases to be employed with or provide services to the Company, but only to the extent that such Optionee was vested in the Option at the date the Optionee ceased to be so employed or to provide services to the Company; and
- (c) in the case of an Optionee being dismissed from employment or service for cause, such Optionee's Options, whether or not vested at the date of dismissal will immediately terminate without right to exercise same.

#### **Non Assignable**

3.12 Subject to Section 3.11(a), all Options will be exercisable only by the Optionee to whom they are granted and will not be assignable or transferable.

#### **Adjustment of the Number of Optioned Shares**

3.13 The number of Common Shares subject to an Option will be subject to adjustment in the events and in the manner following:

- (a) in the event of a subdivision of Common Shares as constituted on the date hereof, at any time while an Option is in effect, into a greater number of Common Shares, the Company will thereafter deliver at the time of purchase of Optioned Shares hereunder, in addition to the number of Optioned Shares in respect of which the right to purchase is then being exercised, such additional number of Common Shares as result from the subdivision without an Optionee making any additional payment or giving any other consideration therefor;

(b) in the event of a consolidation of the Common Shares as constituted on the date hereof, at any time while an Option is in effect, into a lesser number of Common Shares, the Company will thereafter deliver and an Optionee will accept, at the time of purchase of Optioned Shares hereunder, in lieu of the number of Optioned Shares in respect of which the right to purchase is then being exercised, the lesser number of Common Shares as result from the consolidation;

(c) in the event of any change of the Common Shares as constituted on the date hereof, at any time while an Option is in effect, the Company will thereafter deliver at the time of purchase of Optioned Shares hereunder the number of shares of the appropriate class resulting from the said change as an Optionee would have been entitled to receive in respect of the number of Common Shares so purchased had the right to purchase been exercised before such change;

(d) in the event of a capital reorganization, reclassification or change of outstanding equity shares (other than a change in the par value thereof) of the Company, a consolidation, merger or amalgamation of the Company with or into any other company or a sale of the property of the Company as or substantially as an entirety at any time while an Option is in effect, an Optionee will thereafter have the right to purchase and receive, in lieu of the Optioned Shares immediately theretofore purchasable and receivable upon the exercise of the Option, the kind and amount of shares and other securities and property receivable upon such capital reorganization, reclassification, change, consolidation, merger, amalgamation or sale which the holder of a number of Common Shares equal to the number of Optioned Shares immediately theretofore purchasable and receivable upon the exercise of the Option would have received as a result thereof. The subdivision or consolidation of Common Shares at any time outstanding (whether with or without par value) will not be deemed to be a capital reorganization or a reclassification of the capital of the Company for the purposes of this Section 3.13(d);

(e) an adjustment will take effect at the time of the event giving rise to the adjustment, and the adjustments provided for in this Section are cumulative;

(f) the Company will not be required to issue fractional shares in satisfaction of its obligations hereunder. Any fractional interest in a Common Share that would, except for the provisions of this Section 3.13(f), be deliverable upon the exercise of an Option will be cancelled and not be deliverable by the Company; and

(g) if any questions arise at any time with respect to the Exercise Price or number of Optioned Shares deliverable upon exercise of an Option in any of the events set out in this Section 3.13, such questions will be conclusively determined by the Company's auditors, or, if they decline to so act, any other firm of Chartered Accountants, in Vancouver, British Columbia (or in the city of the Company's principal executive office) that the Company may designate and who will have access to all appropriate records and such determination will be binding upon the Company and all Optionees.

#### **Bankruptcy or Insolvency of Participant:**

3.14 In the case of a Participant committing an act of bankruptcy or any proceeding being commenced against a Participant under the *Bankruptcy and Insolvency Act* (Canada) or other applicable bankruptcy or insolvency legislation in force at the time of such bankruptcy and such proceeding remains undismitted for a period of 30 days, no Option held by such Participant may be exercised following the date on which such Participant commits such act of bankruptcy or such proceeding remains undismitted, as the case may be.

**ARTICLE 4**  
**COMMITMENT AND EXERCISE PROCEDURES**

**Option Commitment**

4.1 Upon grant of an Option hereunder, an authorized officer of the Company will deliver to the Optionee an Option Commitment detailing the terms of such Options and upon such delivery the Optionee will be subject to the Plan and have the right to purchase the Optioned Shares at the Exercise Price set out therein subject to the terms and conditions hereof.

**Manner of Exercise**

- 4.2 An Optionee who wishes to exercise his Option may do so by delivering:
- (a) a written notice to the Company specifying the number of Optioned Shares being acquired pursuant to the Option; and
  - (b) cash or a certified cheque payable to the Company for the aggregate Exercise Price for the Optioned Shares being acquired.

**Delivery of Certificate and Hold Periods**

4.3 As soon as practicable after receipt of the notice of exercise described in Section 4.2 and payment in full for the Optioned Shares being acquired, the Company will direct its transfer agent to issue a certificate to the Optionee for the appropriate number of Optioned Shares. Such certificate issued will bear a legend stipulating any resale restrictions required under applicable securities laws.

**ARTICLE 5**  
**GENERAL**

**Employment and Services**

5.1 Nothing contained in the Plan will confer upon or imply in favour of any Optionee any right with respect to office, employment or provision of services with the Company, or interfere in any way with the right of the Company to lawfully terminate the Optionee's office, employment or service at any time pursuant to the arrangements pertaining to same. Participation in the Plan by an Optionee will be voluntary.

**No Rights of Shareholder**

5.2 No Participant shall have any rights as a shareholder of the Company with respect to any Common Shares until such Participant shall have exercised such Option in accordance with the terms of the Plan (including, if exercising pursuant to Section 4.2, tendering payment in full of the aggregate exercise price in respect of which the Option is being exercised).

**No Representation or Warranty**

5.3 The Company makes no representation or warranty as to the future market value of Common Shares issued in accordance with the provisions of the Plan or to the effect of the *Income Tax Act* (Canada) or any other taxing statute governing the Options or the Common Shares issuable thereunder or the tax consequences to a Service Provider. Compliance with applicable securities laws as to the disclosure and resale obligations of each Participant is the responsibility of such Participant and not the Company.

### **Interpretation**

5.4 The Plan will be governed and construed in accordance with the laws of the Province of British Columbia.

### **Amendment of the Plan**

5.5 The Board reserves the right, in its absolute discretion, to at any time amend, modify or terminate the Plan with respect to all Common Shares in respect of Options which have not yet been granted hereunder. Any amendment to any provision of the Plan will be subject to any necessary Regulatory Approvals unless the effect of such amendment is intended to reduce (but not to increase) the benefits of this Plan to Service Providers.

### **Applicable Laws or Regulations**

5.6 The Plan, the grant and exercise of Options hereunder and the Company's obligation to sell and deliver Common Shares upon exercise of Options shall be subject to all applicable federal, provincial and foreign laws, rules and regulations, the rules and regulations of any stock exchange on which the Common Shares are listed for trading and to such approvals by any regulatory or governmental agency as may, in the opinion of counsel to the Company, be required. The Company shall not be obligated by any provision of the Plan or the granting of any Option hereunder to issue or sell Common Shares in violation of such laws, rules and regulations or any condition of such approvals. No Option shall be granted and no Common Shares issued or sold hereunder where such grant, issue or sale would require registration of the Plan or the Optioned Shares under the securities laws of any jurisdiction and any purported grant of any Option or issue or sale of Optioned Shares hereunder in violation of this provision shall be void. In addition, the Company shall have no obligation to issue any Common Shares pursuant to the Plan unless such Common Shares shall have been duly listed, upon official notice of issuance, with all stock exchanges on which the Common Shares are listed for trading. Shares issued and sold to Participants pursuant to the exercise of Options may be subject to limitations on sale or resale under applicable securities laws and the rules of any stock exchange on which the Common Shares are then listed. If required by the relevant exchange, the share certificates issued upon the exercise of any Options shall bear a legend setting out the required restrictions on sale or resale. The Company's obligation to issue Common Shares pursuant to the exercise of any Option shall be subject to the receipt from the Participant of such representations, warranties, agreements and undertakings, as the Company determines to be necessary or advisable in order to safeguard against the violation of the securities laws of any jurisdiction and/or as may be required by any stock exchange on which the Common Shares are then listed.

**SCHEDULE A  
SHARE OPTION PLAN  
OPTION COMMITMENT**

Notice is hereby given that, effective this \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_ (the "Effective Date") Canadian Mining Corp. (the "Company") has granted to \_\_\_\_\_ (the "Service Provider"), an Option to acquire \_\_\_\_\_ Common Shares ("Optioned Shares") up to 5:00 p.m. Vancouver Time on the \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_ (the "Expiry Date") at a Exercise Price of Cdn\$ \_\_\_\_\_ per share.

Optioned Shares will vest and may be exercised as follows:

Dates	Cumulative Number of Shares which may be Purchased
Immediately	0 common shares
◆	0 common shares
◆	0 common shares
◆	0 common shares

This Option Commitment and the Option evidenced hereby are not assignable, transferable or negotiable and are subject to the detailed terms and conditions contained in the Company's stock option plan (the "Plan"). This Certificate is issued for convenience only and in the case of any dispute with regard to any matter in respect hereof, the provisions of the Plan and the records of the Company shall prevail.

To exercise your Option, deliver a written notice specifying the number of Optioned Shares you wish to acquire, together with cash or a certified cheque payable to the Company for the aggregate Exercise Price, to the Company. A certificate for the Optioned Shares so acquired will be issued by the transfer agent as soon as practicable thereafter and will bear a minimum four month non-transferability legend from the date of this Option Commitment.

The Company and the Service Provider represent that the Service Provider under the terms and conditions of the Plan is a bona fide [EMPLOYEE/ CONSULTANT/MANAGEMENT COMPANY EMPLOYEE] \_\_\_\_\_ of the Company, entitled to receive Options under TSX Venture Exchange Policies.

The Service Provider also acknowledges and consents to the collection and use of Personal Information by both the Company and the TSX Venture as more particularly set out in Appendix 6A of the TSX Venture Exchange Policies.

**CANADIAN MINING CORP.**

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Authorized Signatory

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**(◆ SIGNATURE OF OPTIONEE)**