



ALOPEX GOLD

Alopec Gold Inc.

UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Six months ended June 30, 2017

*The attached financial statements have been prepared by Management of
Alopec Gold Inc. and have not been reviewed by the auditor*

Alopex Gold Inc.
Consolidated Statements of Financial Position
(Unaudited, in Canadian Dollars)

	Notes	As at June 30, 2017 \$	As at December 31, 2016 \$
ASSETS			
Current assets			
Cash		74,928	137,322
Escrow account for environmental monitoring		147,963	141,433
Sales tax receivable		38,561	-
Prepaid expenses and others	3	19,499	-
Total current assets		280,951	278,755
Non-current assets			
Deferred share issuance costs	10	852,450	-
Non-current portion – escrow account for environmental monitoring		497,746	475,780
Mineral properties	3	18,432	17,618
Total non-current assets		1,368,628	493,398
TOTAL ASSETS		1,649,579	772,153
LIABILITIES AND EQUITY			
Current liabilities			
Trade and other payables		1,055,399	156,464
Payables and loans to shareholders	4	488,438	167,266
Current portion – environmental monitoring provision		146,402	137,075
Total current liabilities		1,690,239	460,805
Non-current liabilities			
Environmental monitoring provision		131,807	123,409
Total non-current liabilities		131,807	123,409
Total liabilities		1,822,046	584,214
Equity (deficiency)			
Capital stock		1,544,582	1,088,160
Contributed surplus		-	224,562
Accumulated other comprehensive income		(36,772)	27,145
Deficit		(1,680,277)	(1,151,928)
Total equity (deficiency)		(172,467)	187,939
TOTAL LIABILITIES AND EQUITY		1,649,579	772,153
Going concern	1		
Subsequent events	10, 11		

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

Alopex Gold Inc.
Consolidated Statements of Comprehensive Loss

(Unaudited, in Canadian Dollars)

	Notes	Three months ended June 30,		Six months ended June 30,	
		2017	2016	2017	2016
		\$	\$	\$	\$
Expenses					
Exploration and evaluation expenses	6	94,427	64,948	140,773	64,948
General and administrative	7	239,963	132,455	412,134	217,104
Foreign exchange		(28,965)	1,223	(30,109)	593
Operating loss		305,425	198,626	522,798	282,645
Other expenses (income)					
Finance costs		2,871	2,456	5,551	4,982
Loss before income tax recovery		(308,296)	(201,082)	(528,349)	(287,627)
Deferred income tax recovery		-	60,325	-	86,289
Net loss for the period		(308,296)	(140,757)	(528,349)	(201,338)

**Other comprehensive loss that may not be
reclassified subsequently to net loss:**

Exchange rate differences on translation from functional to presentation currency		(1,521)	(5,210)	(2,823)	(8,844)
Other comprehensive loss		(1,521)	(5,210)	(2,823)	(8,844)
Comprehensive loss		(309,817)	(145,967)	(531,172)	(210,182)

Weighted average number of common shares outstanding - basic and diluted		35,702,986	17,828,935	35,671,131	17,828,935
Basic and diluted loss per common share		(0.01)	(0.01)	(0.02)	(0.01)

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

Alopex Gold Inc.
Consolidated Statements of Changes in Equity
(Unaudited, in Canadian Dollars)

	Notes	Common Shares Number	Capital Stock	Contributed surplus	Accumulated other comprehensive income (loss)	Deficit	Total Equity (deficiency)
			\$	\$	\$	\$	\$
Balance at January 1, 2016	1.1	17,828,935	100,901	236,953	(242)	(8,504)	329,108
Net loss		-	-	-	-	(201,338)	(201,338)
Other comprehensive loss		-	(4,208)	(9,882)	5,246	-	(8,844)
Comprehensive loss							(210,182)
Balance at June 30, 2016		17,828,935	96,693	227,071	5,004	(209,842)	118,926
Balance at January 1, 2017	1.1	35,657,869	1,088,160	224,562	27,145	(1,151,928)	187,939
Net loss		-	-	-	-	(528,349)	(528,349)
Other comprehensive loss		-	50,756	10,338	(63,917)	-	(2,823)
Comprehensive loss							(531,172)
Share issuance in consideration of cash		1	1	-	-	-	1
Share issuance in consideration of conversion of debt	10	342,130	171,065	-	-	-	171,065
Pre-IPO Reorganization	10	-	234,600	(234,600)	-	-	-
Share-based payments	5	-	-	(300)	-	-	(300)
Balance at June 30, 2017		36,000,000	1,544,582	-	(36,772)	(1,680,277)	(172,467)

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

Alopex Gold Inc.
Consolidated Statements of Cash Flows
(Unaudited, in Canadian Dollars)

	Notes	Six months ended June 30,	
		2017	2016
		\$	\$
Operating activities			
Net loss for the period		(528,349)	(201,338)
Adjustments for:			
Share-based payments	5	(300)	-
Finance costs		5,551	4,982
Deferred income tax recovery		-	(86,289)
Payment from cash held in escrow account for environmental monitoring		-	(75,880)
Escrow account for environmental monitoring		-	75,880
Unrealized foreign exchange loss (gain)		(29,174)	629
		(552,272)	(282,016)
Changes in non-cash working capital items:			
Sales tax receivable		(38,561)	-
Prepaid expenses and others		(18,862)	-
Trade and other payables		247,577	146,299
Payables to shareholders		229,265	121,868
		419,419	268,167
Cash flow used in operating activities		(132,853)	(13,849)
Investing activities			
Acquisition of mineral properties		(3,800)	-
Cash flow used in investing activities		(3,800)	-
Financing activities			
Share issuance		1	-
Deferred share issuance costs		(177,180)	-
Loans from shareholders	4	254,233	-
Cash flow from financing activities		77,054	-
Change in cash during the period		(59,599)	(13,849)
Effect of exchange rate changes on cash		(2,795)	(753)
Cash, beginning of period		137,322	41,791
Cash, end of period		74,928	27,189
Supplemental cash flow information			
Additions in mineral properties included in trade and other payables		13,407	-
Deferred share issuance costs included in trade and other payables		675,270	-
Share issued in payment of payables and loans to shareholders		171,065	-

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

Alopex Gold Inc.

Condensed Notes to the interim Consolidated Financial Statements

Six months ended June 30, 2017 and 2016

(Unaudited, in Canadian Dollars)

1. NATURE OF OPERATIONS, BASIS OF PRESENTATION AND GOING CONCERN

Alopex Gold Inc. (the "Corporation") was incorporated on February 22, 2017 under the *Canada Business Corporations Act*. The Corporation's head office is situated at 123 Front Street West, suite 905, Toronto, Ontario, Canada. The Corporation operates in one industry segment, being the acquisition, exploration and development of mineral properties. It owns interests in properties located in Greenland. The Corporation's financial year ends on December 31. Since July 2017, the Corporation's shares are listed on the TSX Venture Exchange (the "Exchange") under the AEX ticker.

These unaudited condensed interim consolidated financial statements ("Financial Statements") were reviewed and authorized for issue by the Board of Directors on August 28, 2017.

1.1 Basis of presentation

The Corporation's properties were acquired upon the reorganisation that was completed on June 26, 2017 whereby the Corporation acquired 100% of the shares of Nalunaq A/S, a corporation incorporated under the *Greenland Public Companies Act*, in anticipation of the initial public offering ("IPO") of the Corporation on the Toronto Venture Exchange (the "Exchange") completed on July 13, 2017 (Note 10). As the Corporation was founded by the same group of shareholders as Nalunaq A/S and in contemplation of the reorganisation, said reorganisation is accounted for as a reorganisation of the capital of Nalunaq A/S. These Financial Statements thus reflect the continuation of the activities of Nalunaq A/S for periods prior to the incorporation of the Corporation on February 22, 2017, the combined activities of the Corporation and Nalunaq A/S for the period from February 22, 2017 until the reorganization on June 26, 2017, and the consolidated activities of the Corporation since June 26, 2017.

The Financial Statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") including International Accounting Standard ("IAS") 34, Interim Financial Reporting. The Financial Statements have been prepared under the historical cost convention.

1.2 Going concern

The Financial Statements were prepared using IFRS applicable to a going concern, which contemplates the realization of assets and settlement of liabilities in the normal course of business as they come due. In assessing whether the going concern assumption is appropriate, senior management of the Corporation ("Management") takes into account all available information about the future, which is at least, but not limited to, twelve months from the end of the reporting period. Management is aware in making its assessment of material uncertainties related to events and conditions that lend a significant doubt upon the Corporation's ability to continue as a going concern and accordingly, the appropriateness of the use of IFRS applicable to a going concern, as described in the following paragraph. The Financial Statements do not reflect the adjustment to the carrying values of assets and liabilities, expenses and financial position classifications that would be necessary if the going concern assumption would not be appropriate. These adjustments could be material.

The Corporation recorded a loss of \$528,349 for the six months ended June 30, 2017 and has an accumulated deficit of \$1,680,277 as at June 30, 2017. In addition to ongoing working capital requirements, the Corporation must secure sufficient funding to meet its other obligations, existing commitments for the exploration and evaluation programs and pay general and administration costs. As at June 30, 2017, the Corporation had negative working capital of \$1,409,288. These conditions indicate the existence of material uncertainties that may cast a significant doubt regarding the Corporation's ability to continue as a going concern.

Alopex Gold Inc.

Condensed Notes to the interim Consolidated Financial Statements

Six months ended June 30, 2017 and 2016

(Unaudited, in Canadian Dollars)

1. NATURE OF OPERATIONS, BASIS OF PRESENTATION AND GOING CONCERN (CONT'D)

The Corporation' ability to continue as a going concern is dependent upon its ability to raise additional financing to further explore its mineral properties. The completion of the initial public offering of the Corporation discussed in subsequent events (Note 10), contributed to such financing. While Management has secured financing in the past, there can be no assurance it will be able to do so in the future or that these sources of funding or initiatives will be available for the Corporation or that they will be available on terms which are acceptable to the Corporation. If Management is unable to obtain new funding, the Corporation may be unable to continue its operations, and amounts realized for assets might be less than amounts reflected in these Financial Statements and this could have a significant impact on the financial position of the Corporation, its financial performance and its cash flows.

The measurement of certain assets and liabilities is dependent on future events; therefore the preparation of these Financial Statements requires the use of estimates, which may vary from actual results. The success of the Corporation' exploration and evaluation activities is influenced by significant financial risks, legal and political risks, commodity prices, and the ability of the Corporation to discover economically recoverable reserves.

2. CRITICAL ACCOUNTING JUDGMENTS AND ASSUMPTIONS

The preparation of the Financial Statements requires Management to make judgments and form assumptions that affect the reported amounts of assets and liabilities at the date of the Financial Statements and reported amounts of expenses during the reporting period. On an ongoing basis, Management evaluates its judgments in relation to assets, liabilities and expenses. Management uses historical experience and various other factors it believes to be reasonable under the given circumstances as the basis for its judgments. Actual outcomes may differ from these estimates under different assumptions and conditions.

In preparing the Financial Statements, the significant judgements made by Management in applying the Corporation accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual financial statements of Nalunaq A/S for the year ended December 31, 2016 and the audited interim financial statements of Alopex Gold Inc. for the initial 38-day period ended March 31, 2017, both presented in the June 29, 2017 prospectus. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

3. MINERAL PROPERTIES

	December 31, 2016	Effect of translation	June 30, 2017
Nalunaq	\$ 1	\$ -	\$ 1
Tartog	17,617	814	18,431
Total mineral properties	17,618	814	18,432

	December 31, 2015	Additions	December 31, 2016
Nalunaq	\$ 1	\$ -	\$ 1
Tartog	-	17,617	17,617
Total mineral properties	1	17,617	17,618

3.1 Nalunaq

Nalunaq A/S holds the gold exploitation licence number 2003/05 on the Nalunaq property (the "Nalunaq Licence") located in South West Greenland. The licence expires in April 2033 with an extension possible up to 50 years.

Alopex Gold Inc.

Condensed Notes to the interim Consolidated Financial Statements

Six months ended June 30, 2017 and 2016

(Unaudited, in Canadian Dollars)

3. MINERAL PROPERTIES (CONT'D)

3.1.1 Collaboration agreement and project schedule

Cyrus Capital Partners LP was the main creditor of Angel Mining PLC, the parent company of Angel Mining (Gold) A/S. Angel Mining PLC went into administration in February 2013 and as part of the Administrator's restructuring process, FBC Mining (Holdings) Ltd. ("FBC Mining") and ARC agreed to enter into a collaboration agreement ("Collaboration Agreement") (signed July 15, 2015) to progress the Nalunaq exploration project. FBC Mining is a 100% subsidiary of FBC Holdings S.à r.l which is managed by Cyrus Capital Partners LP.

In addition, ARC, FBC Mining and FBC (Nalunaq) (a 100% subsidiary of FBC Mining) signed on July 17, 2015 the Nalunaq project schedule ("2015 Project Schedule") which was continued following the signature with Nalunaq A/S on March 31, 2017 of the 2016-2017 Nalunaq Project Schedule ("2016-2017 Project Schedule"), (collectively "Project Schedules"). Under the Project Schedules, the following collaboration conditions are defined:

- a) ARC shall undertake an exploration program in the summer of 2015.
- b) The activities will consist of progressing the work programs approved by the Mineral Licence and Safety Authority in Greenland ("MLSA") in respect of the Nalunaq Licence in 2015 and 2016, providing assistance as may be required in connection with the IPO and manage Nalunaq A/S.
- c) The Project Schedules are in effect up to the earliest of i) the completion of the IPO, ii) June 30, 2017 and iii) the date on which the 2016-2017 Project Schedule is terminated in accordance with the Collaboration Agreement.

In preparation for the Pre-IPO Reorganization, an agreement was signed on May 30, 2017 between ARC, FBC Nalunaq, FBC Mining and Nalunaq A/S whereby the 2016-2017 Project Schedule effective date is extended up to July 31, 2017.

Finally, the conditions relating to a processing plant located on the Nalunaq Licence ("Processing Plant") and a royalty payment were outlined in the 2015 Project Schedule and formalized in the processing plant and royalty agreement ("Processing Plant and Royalty Agreement") signed on March 31, 2017 and the conditions are as follows:

- a) FBC Nalunaq transfers the Processing Plant to Nalunaq A/S under the following conditions:
 - i) An initial purchase price of US\$1;
 - ii) A deferred consideration of US\$1,999,999 ("Deferred Consideration") on a pay as you go basis until the Deferred Consideration is paid in full. If only part of the Processing Plant is used, then the Deferred Consideration payable shall be reduced by an amount to be agreed by the parties to reflect the value of the part of the Processing Plant used.
 - iii) The Deferred Consideration may be reduced to the extent that the Processing Plant or any part which is being used requires repairs, is not in good working conditions or will not be capable of doing the work for which it was designed.
 - iv) Nalunaq A/S may dispose or otherwise deal with the Processing Plant or any part of it at its own cost. If any disposal proceeds (defined as proceeds received minus costs of dealing with the disposal) are received, that disposal proceeds shall be paid to FBC Nalunaq and such amount shall be deemed to be Deferred Consideration. If there are any disposal proceeds remaining after the Deferred Consideration has been paid in full, the disposal proceeds remaining may be retained by Nalunaq A/S.
- b) Nalunaq A/S shall pay to FBC Mining (Nalunaq) a 1% royalty on Nalunaq A/S' net revenue (total revenue minus production, transportation and refining costs), provided that in respect to the last completed calendar year, the operating profit per ounce of gold exceeded US\$500. The cumulative royalty payments over the life of mine are capped at a maximum of US\$1,000,000.

Alopex Gold Inc.

Condensed Notes to the interim Consolidated Financial Statements

Six months ended June 30, 2017 and 2016

(Unaudited, in Canadian Dollars)

3. MINERAL PROPERTIES (CONT'D)

3.1.2 Exploration commitments and exploitation milestones

Under Addendum No. 2 of the Nalunaq Licence dated March 2016 and as subsequently amended with Addendum No. 3 dated May 2016, Nalunaq A/S is committed to perform exploration activities for an estimated amount of US\$1,75M in 2016 and US\$9,6M from January 1, 2017 to December 31, 2018, for a total of US\$11,35M.

On March 27, 2017, the MLSA confirmed that the Government of Greenland had approved that the outstanding exploration obligation initially scheduled to be incurred by December 31, 2016 (sub period 2) be carried forward to the ensuing licence period. As a result, Nalunaq A/S is committed to perform specific exploration activities stated in addendum No. 3 totaling an estimated amount of US\$10,259,000 by no later than December 31, 2018 (sub period 3). This US\$10,259,000 takes into account the Addendum No. 3 obligation totaling an estimated amount of US\$11,350,000 less the US\$1,091,000 expenditures of 2016 calculated in line with the MLSA guidelines. For the purpose of crediting expenditures for MLSA purposes, actual expenditures are multiplied by a factor of between 1.5 and 3, depending upon the type of expenditures made. In the event the additional exploration expenditures totaling an estimated amount of US\$10,259,000 are not made by December 31, 2018, Nalunaq A/S would request a roll over of any unspent amount to the next period (sub period 4), subject to approval from the MLSA. Failure to satisfy any of the conditions set forth in the addendums to the Nalunaq Licence may result in the MLSA revoking the Nalunaq Licence without further notice.

No later than December 31, 2019, the licensee shall submit a report on a bankable feasibility study, prepare an environmental impact assessment and social impact assessment and by December 31, 2020, perform an impact benefit agreement. The time limit for commencement of exploitation is January 1, 2021.

3.2 Tartoq

3.2.1 Purchase of the Tartoq Licence

Nalunaq A/S signed on July 6, 2016 a sale and purchase agreement, to purchase from Nanoq Resources Ltd. the Tartoq exploration licence number 2015/17 located in Southwest Greenland, for a total consideration of \$7,221. The licence expires December 31, 2019 with a possible 5 year extension.

3.2.2 Exploration commitments

Under the exploration licence, Nalunaq A/S shall complete DKK 959,340 of exploration activities in 2017, adding the non-fulfilled exploration obligation 2016 of DKK 105,587 for a total of DKK 1,064,927 (\$212,346 using the exchange rate as at June 30, 2017) exploration obligation in 2017. However, for the purpose of crediting expenditures against the amounts set forth in the Tartoq Licence, actual expenditures are multiplied by a factor of between 1.5 and 3, depending upon the type of expenditures made. In the event the exploration obligation of DKK 1,064,927 is not met by December 31, 2017, Nalunaq A/S would request a roll over of any unspent amount to the next period or reduce the area of the Tartoq Licence, subject to approval from the MLSA.

3.3 Vagar

Nalunaq A/S entered into a sale and purchase agreement with NunaMinerals A/S, acting through its bankruptcy receiver, on February 6, 2017 to acquire the Vagar exploration licence number 2006/10 ("Vagar Licence") located in Western Greenland, along with all mineral exploration and mining-related data, maps and reports pertaining to the Vagar Licence, studies and reports, for a purchase price of \$9,465 (DKK 50,000) conditional upon the approval of the Greenland authorities. All costs related to Vagar are shown in prepaid expenses and others.

Alopex Gold Inc.

Condensed Notes to the interim Consolidated Financial Statements

Six months ended June 30, 2017 and 2016

(Unaudited, in Canadian Dollars)

4. PAYABLES AND LOANS TO SHAREHOLDERS

Amounts payable and loans to shareholders for cost recoveries related to management and professional services are detailed as follow:

	June 30, 2017	December 31, 2016
	\$	\$
Shareholders payables		
ARC	82,850	111,439
FBC Mining (BA) Ltd.	144,278	55,827
	227,128	167,266
Shareholders loans		
ARC	122,792	-
FBC Mining (BA) Ltd.	138,518	-
	261,310	-
	488,438	167,266

FBC Mining BA Ltd. ("FBC BA") is a subsidiary of FBC Mining (75%) and ARC (25%). FBC (Nalunaq) is a 100% subsidiary of FBC Mining. Amounts due to shareholders are unsecured, non-interest bearing.

On March 1, 2017, March 30, 2017, April 10, 2017 and April 19, 2017, Nalunaq A/S signed loan agreements with ARC and FBC BA whereby ARC and FBC BA agreed to make available US\$80,000 and US\$106,707 respectively to Nalunaq A/S. The loans bear no interest and are payable in one installment upon request when Nalunaq A/S has sufficient cash reserves.

5. SHARE-BASED PAYMENTS

On July 6, 2016, Nalunaq A/S signed a service agreement with a consultant complemented with a share option agreement whereby Nalunaq A/S granted 165 share options at an exercise price of \$0.19 (DKK 1) per share option, with an expiry date of August 30, 2018. Notwithstanding, Nalunaq A/S is entitled to, instead of issuing

As per an agreement signed on February 12, 2017, Nalunaq A/S paid in August 2017 \$12,728 (US\$9,735) to a consultant in lieu of issuing shares according to the consultant's July 6, 2016 share option agreement.

6. EXPLORATION AND EVALUATION EXPENSES

	Three months ended June 30,		Six months ended June 30,	
	2017	2016	2017	2016
	\$	\$	\$	\$
Geology	1,306	-	47,035	-
Analysis	851	-	1,525	-
Transport	-	39,769	-	39,769
Operator fees	89,321	-	89,321	-
Supplies and equipment	-	25,179	-	25,179
Taxes and permits	-	-	(57)	-
Government fees	2,949	-	2,949	-
Exploration and evaluation expenses	94,427	64,948	140,773	64,948

Alopex Gold Inc.

Condensed Notes to the interim Consolidated Financial Statements

Six months ended June 30, 2017 and 2016

(Unaudited, in Canadian Dollars)

7. GENERAL AND ADMINISTRATION

	Three months ended June 30,		Six months ended June 30,	
	2017	2016	2017	2016
	\$	\$	\$	\$
Management fees	86,001	50,098	146,162	102,244
Director's fees	12,500	-	12,500	-
Professional fees	109,229	32,453	201,588	50,682
Marketing and industry involvement	1,893	663	3,899	4,705
Insurance	4,471	9,037	8,855	18,539
Travel and other expenses	25,004	40,204	38,265	40,934
Regulatory fees	865	-	865	-
General and administration	239,963	132,455	412,134	217,104

8. RELATED PARTY TRANSACTIONS AND KEY MANAGEMENT COMPENSATION

Up to June 30, 2017, the Corporation's key management personnel are the members of the board of directors, the President and Chief Executive Officer, the Chief Financial Officer, the Vice-President Exploration, the Vice-President Operations and Logistic and the Corporate Secretary. Key management compensation is as follows:

	Three months ended June 30,		Six months ended June 30,	
	2017	2016	2017	2016
	\$	\$	\$	\$
Short-term benefits				
Management fees	86,001	50,098	146,162	102,244
Professional fees presented in the deferred share issuance costs	18,052	-	18,052	-
Professional fees presented in the exploration and evaluation expenses	30,917	-	30,917	-
Director's fees	12,500	-	12,500	-
Total compensation	147,470	50,098	207,631	102,244

The management fees of the Corporate Secretary are charged through FBC BA for \$22,190 for the six months ended June 30, 2017.

Up to April 30, 2017 (date of the termination of the agreement), ARC charged a fixed management fee of \$65,637 including management services from two directors and other services.

In addition to the amounts listed above in the compensation to key management, following are the related party transactions:

In the normal course of operations:

- A firm in which a director is a partner charged, through FBC BA, professional fees of \$11,761;
- A company controlled by an officer charged professional fees of \$31,301 for her staff.

Key management employees are subject to employment agreements which provide for market standard payments on termination of employment without cause or following a change of control providing for payments up to twice base salary.

Alopex Gold Inc.

Condensed Notes to the interim Consolidated Financial Statements

Six months ended June 30, 2017 and 2016

(Unaudited, in Canadian Dollars)

9. FINANCIAL INSTRUMENTS

The Corporation is exposed to various financial risks resulting from both its operations and its investment activities. The Corporation's Management manages financial risks. The Corporation does not enter into financial instruments agreements, including derivative financial instruments for speculative purposes. The Corporation's main financial risks exposure and its financial policies are described below.

9.1 Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Corporation's cash and escrow account for environmental monitoring are exposed to credit risk. Management believes the credit risk on cash and escrow account for environmental monitoring is small because the counterparties are chartered Greenlandic banks.

9.2 Liquidity risk

Liquidity risk is the risk that the Corporation will encounter difficulty in meeting obligations associated with financial liabilities. The Corporation seeks to ensure that it has sufficient capital to meet short term financial obligations after taking into account its exploration, development, and operating obligations and cash on hand. The Corporation anticipates seeking additional financing in order to fund general and administrative costs, loan service costs and exploration and evaluation costs. The Corporation's options to enhance liquidity include the issuance of new debt or equity instruments (refer to note 1 for going concern discussion).

The following table summarizes the carrying amounts and contractual maturities of financial liabilities as follows:

	As at June 30, 2017		As at December 31, 2016	
	Trade and other payables	Payables and loans to shareholders	Trade and other payables	Payables and loans to shareholders
	\$	\$	\$	\$
Within 1 year	1,055,399	488,438	156,464	167,266
1 to 5 years	-	-	-	-
Total	1,055,399	488,438	156,464	167,266

9.3 Currency risk

As at June 30, 2017, a portion of the Corporation's transactions are denominated in DKK, Euros, Canadian Dollars (CAD), United States Dollars (USD) and British Pounds (GBP) to the extent such currencies are different from the relevant group entities' functional currency.

The Corporation had the following balances in currencies:

As at June 30, 2017	In DKK	In CAD	In Euros	In USD	In GBP
Cash	-	-	-	13,899	-
Receivables from parent company	-	212,288	-	-	-
Trade and other payables	-	-	(1,053)	(91,092)	(35,202)
Payables to subsidiary	(352,250)	-	-	-	-
Receivables (payables) and loans from (to) shareholders	-	-	60,626	(360,921)	-
	(352,250)	212,288	59,573	(438,114)	(35,202)
Exchange rate	0.1994	1.0000	1.4829	1.2981	1.6880
Equivalent to Canadian dollars	(70,239)	212,288	88,341	(568,716)	(59,421)

Alopex Gold Inc.

Condensed Notes to the interim Consolidated Financial Statements

Six months ended June 30, 2017 and 2016

(Unaudited, in Canadian Dollars)

9. FINANCIAL INSTRUMENTS (CONT'D)

Based on the above net exposures as at June 30, 2017, and assuming that all other variables remain constant, a 10% appreciation or depreciation of the functional currencies against the DKK, CAD, Euro, USD and GBP by 10% would increase/decrease profit or loss by \$39,775.

As at December 31, 2016	In Euros	In USD	In GBP
Cash	3,331	97,583	-
Trade and other payables	-	(80,183)	(21,343)
Receivables (payables) and loans from (to) shareholders	60,626	(88,287)	-
	63,957	(70,887)	(21,343)
Exchange rate	1.4169	1.3427	1.6564
Equivalent to Canadian dollars	90,621	(95,180)	(35,353)

Based on the above net exposures as at December 31, 2016, and assuming that all other variables remain constant, a 10% appreciation or depreciation of the functional currencies against the Euro, USD and GBP by 10% would increase/ decrease profit or loss by \$3,991.

9.4 Fair value risk

Fair value estimates are made at the statement of financial position date, based on relevant market information and other information about financial instruments. As at June 30 2017, the Corporation' financial instruments are cash, escrow account for environmental monitoring, trade and other payables and payables and loans to shareholders. For all the financial instruments, the amounts reflected in the statement of financial position are carrying amounts and approximate their fair values due to their short-term nature.

10. TRANSACTIONS EXECUTED, PRE-IPO REORGANIZATION AND INITIAL PUBLIC OFFERING

On June 26, 2017, ARC, FBC Nalunaq and the Corporation completed the Pre-IPO Reorganization. Pursuant to the Pre-IPO Reorganization, ARC transferred the shares of Nalunaq A/S held by ARC to its shareholders by way of a distribution in kind. Upon completion of such distribution, Nalunaq A/S issued 2 shares to ARC and 1 share to FBC Nalunaq in settlement of outstanding debt obligations in the aggregate amount of \$171,065 which was owed to them for advances made to fund the operations of Nalunaq A/S, and contemporaneously therewith, each of ARC, ARC's shareholders and FBC Nalunaq transferred all of their respective shares of Nalunaq A/S to the Corporation in exchange for an aggregate of 35,999,999 Shares of the Corporation. Nalunaq A/S thereby becoming a wholly-owned subsidiary of the Corporation. As of June 26, 2017 (without giving effect to the prospectus offering), ARC and its shareholders and FBC Nalunaq hold 66.67% and 33.33%, respectively, of the issued and outstanding Shares.

The final prospectus was filed on June 29, 2017 by the Corporation to qualify the IPO of a minimum of 10,000,000 common shares in the share capital of the Corporation (the "Shares"), for total gross proceeds to the Corporation of \$5,000,000, and a maximum of 20,000,000 Shares, for total gross proceeds to the Corporation of \$10,000,000, at a price of \$0.50 per share.

The IPO was made pursuant to the terms of an agency agreement dated June 29, 2017 (the "Agency Agreement") between the Corporation and Paradigm Capital Inc., acting as lead agent (the "Lead Agent") and Canaccord Genuity Corp. (together with the Lead Agent, the "Agents"). The Corporation has also agreed to pay the Lead Agent a work fee of \$15,000 per month for four months, commencing January 1, 2017 (the "Work Fee"). Any Work Fee payable shall be creditable against any Commission that becomes payable.

Alopex Gold Inc.

Condensed Notes to the interim Consolidated Financial Statements

Six months ended June 30, 2017 and 2016

(Unaudited, in Canadian Dollars)

10. TRANSACTIONS EXECUTED, PRE-IPO REORGANIZATION AND INITIAL PUBLIC OFFERING (CONT'D)

On July 13, 2017, the Corporation complete its IPO of 13,592,500 common shares at a price of \$0.50 per share (the "IPO share price") for aggregate gross proceeds of \$6,796,250.

The Agents received a commission of \$411,756 which represents 6.5% of the gross amount raised in the IPO. In addition, the Corporation issued 883,512 compensation, non-transferable share purchase warrants (each an "Agent Warrant") which represents 6.5% of the shares sold during the IPO. The Agent Warrants are exercisable at \$0.50 (the IPO share price) on or before July 13, 2020.

Finally on July 13, 2017, the Corporation granted to its directors, officers and consultants 1,360,000 stock options exercisable at \$0.50, valid for 5 years. Those stock options were granted at an exercise price equal to the IPO share price.

11. SUBSEQUENT EVENTS

On August 9, 2017, the Corporation granted to an investor relation firm 50,000 stock options exercisable at \$0.59, valid for 5 years, vesting 25% every quarter. Those options were granted at an exercise price equal to the closing market value of the shares the previous day of the grant.