



**WEST RED LAKE**  
GOLD MINES INC

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**West Red Lake Gold Mines Inc.**

**Condensed Interim Financial Statements  
(Expressed in Canadian Dollars)**

**Three Months Ended December 31, 2016**

**(Unaudited)**

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## **MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING**

The accompanying unaudited condensed interim financial statements of West Red Lake Gold Mines Inc. (the "Company" or "West Red Lake") are the responsibility of the management and Board of Directors of the Company.

The unaudited condensed interim financial statements have been prepared by management, on behalf of the Board of Directors, in accordance with the accounting policies disclosed in the notes to the unaudited condensed interim financial statements. Where necessary, management has made informed judgments and estimates in accounting for transactions which were not complete at the statement of financial position date. In the opinion of management, the unaudited condensed interim financial statements have been prepared within acceptable limits of materiality and are in accordance with all applicable International Financial Reporting Standards.

Management has established processes, which are in place to provide them sufficient knowledge to support management representations that they have exercised reasonable diligence that (i) the unaudited condensed interim financial statements do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of and for the periods presented by the unaudited condensed interim financial statements and (ii) the unaudited condensed interim financial statements fairly present in all material respects the financial condition, results of operations and cash flows of the Company, as of the date of and for the years presented by the unaudited condensed interim financial statements.

The Board of Directors is responsible for ensuring that management fulfills its financial reporting responsibilities and for reviewing and approving the financial statements together with other financial information. An Audit Committee assists the Board of Directors in fulfilling this responsibility. The Audit Committee meets with management to review the internal controls over the financial reporting process and the unaudited condensed interim financial statements together with other financial information of the Company. The Audit Committee reports its findings to the Board of Directors for its consideration in approving the unaudited condensed interim financial statements together with other financial information of the Company for issuance to the shareholders.

Management recognizes its responsibility for conducting the Company's affairs in compliance with established financial standards, and applicable laws and regulations, and for maintaining proper standards of conduct for its activities.

### **NOTICE TO READER**

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

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

The Company's independent auditor has not performed a review of these unaudited condensed interim financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

*(signed)*  
Thomas W. Meredith  
Executive Chairman, acting as Chief Executive Officer

*(signed)*  
John Kontak  
President, acting as Chief Financial Officer

February 23, 2017  
Toronto, Canada

**West Red Lake Gold Mines Inc.**  
**Condensed Interim Statements of Financial Position**  
**(Expressed in Canadian Dollars)**  
**(Unaudited)**

<b>As at</b>	<b>December 31, 2016</b>	<b>September 30, 2016</b>
<b>Assets</b>		
Current assets		
Cash	\$ 1,554,935	\$ 1,222,216
Accounts receivable	50,806	67,114
Prepaid expenses and deposits	140,614	70,104
	<b>1,746,355</b>	<b>1,359,434</b>
Property and equipment (Note 3)	33,080	35,067
Exploration and evaluation costs (Note 4)	11,041,088	11,294,245
	<b>\$ 12,820,523</b>	<b>\$ 12,688,746</b>
<b>Liabilities</b>		
Current liabilities		
Accounts payable and accrued liabilities (Note 9)	\$ 141,453	\$ 407,149
Convertible debentures - current (Note 5)	12,339	4,172
	<b>153,792</b>	<b>411,321</b>
Convertible debentures - non-current (Note 5)	195,400	191,676
Deferred income tax liabilities	861,100	861,100
	<b>1,210,292</b>	<b>1,464,097</b>
<b>Shareholders' Equity</b>		
Share capital (Note 6)	22,644,117	21,969,543
Reserves	8,108,341	7,789,771
Deficit	(19,142,227)	(18,534,665)
	<b>11,610,231</b>	<b>11,224,649</b>
	<b>\$ 12,820,523</b>	<b>\$ 12,688,746</b>

**Nature of operations** (Note 1)

**Commitment** (Note 10)

**Subsequent event** (Note 12)

Approved by the Board:

*signed* "Michael Dehn" \_\_\_\_\_, Director

*signed* "Daniel Crandall" \_\_\_\_\_, Director

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



# West Red Lake Gold Mines Inc.

## Condensed Interim Statements of Loss and Comprehensive Loss

(Expressed in Canadian Dollars)

(Unaudited)

	Three Months Ended December 31,	
	2016	2015
<b>Expenses</b>		
Professional fees (Note 9)	\$ 34,918	\$ 8,430
Office general and administrative (Note 9)	16,718	6,499
Management fees (Note 9)	52,500	30,000
Consulting fees	10,000	-
Shareholder information	15,327	6,473
Insurance	3,165	3,883
Depreciation	1,987	2,403
Marketing	231,987	1,685
Investor relations	99,787	1,000
Travel and entertainment	84,858	76
Share-based payments (Note 9)	56,000	-
	<b>607,247</b>	<b>60,449</b>
Loss from operations	<b>(607,247)</b>	<b>(60,449)</b>
Gain on settlement of debt (Note 6)	11,576	-
Accretion (Note 5)	<b>(11,891)</b>	<b>(9,603)</b>
Loss before taxes for the period	<b>\$ (607,562)</b>	<b>\$ (70,052)</b>
Deferred tax recovery	-	15,600
<b>Loss and comprehensive loss for the period</b>	<b>\$ (607,562)</b>	<b>\$ (54,452)</b>
<b>Basic and fully diluted loss per share</b>	<b>\$ (0.01)</b>	<b>\$ (0.00)</b>
<b>Weighted average number of common shares outstanding - Basic and diluted</b>	<b>101,771,241</b>	<b>76,710,512</b>

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



# West Red Lake Gold Mines Inc.

## Condensed Interim Statements of Changes in Shareholders' Equity

(Expressed in Canadian Dollars)

(Unaudited)

	Number of Shares	Share Capital	Reserves				Total
			Convertible Debenture	Warrants Reserve	Share-based Payments	Deficit	
<b>Balance, September 30, 2015</b>	<b>76,374,248</b>	<b>\$ 19,741,686</b>	<b>\$ 73,300</b>	<b>\$ 279,736</b>	<b>\$ 6,031,795</b>	<b>\$(17,316,548)</b>	<b>\$ 8,809,969</b>
Units issued	2,400,000	120,000	-	-	-	-	120,000
Share issue costs	-	(9,600)	-	-	-	-	(9,600)
Warrants issued on private placement	-	(6,850)	-	6,850	-	-	-
Deferred premium on flow-through units issued	-	(79,150)	-	-	-	-	(79,150)
Issued for property	250,000	2,500	-	-	-	-	2,500
Warranty expiry	-	-	-	(120,250)	120,250	-	-
Net income for the period	-	-	-	-	-	(54,452)	(54,452)
<b>Balance, December 31, 2015</b>	<b>79,024,248</b>	<b>\$ 19,768,586</b>	<b>\$ 73,300</b>	<b>\$ 166,336</b>	<b>\$ 6,152,045</b>	<b>\$(17,371,000)</b>	<b>\$ 8,789,267</b>
<b>Balance, September 30, 2016</b>	<b>101,677,560</b>	<b>\$ 21,969,543</b>	<b>\$ 73,300</b>	<b>\$ 913,161</b>	<b>\$ 6,803,310</b>	<b>\$(18,534,665)</b>	<b>\$ 11,224,649</b>
Units issued	4,262,500	852,500	-	-	-	-	852,500
Share issue costs	-	(58,135)	-	-	-	-	(58,135)
Warrants issued on private placement	-	(262,570)	-	262,570	-	-	-
Issued for services rendered	771,776	142,779	-	-	-	-	142,779
Share-based payments	-	-	-	-	56,000	-	56,000
Net loss for the period	-	-	-	-	-	(607,562)	(607,562)
<b>Balance, December 31, 2016</b>	<b>106,711,836</b>	<b>\$ 22,644,117</b>	<b>\$ 73,300</b>	<b>\$ 1,175,731</b>	<b>\$ 6,859,310</b>	<b>\$(19,142,227)</b>	<b>\$ 11,610,231</b>

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



**West Red Lake Gold Mines Inc.**  
**Condensed Interim Statements of Cash Flows**  
**(Expressed in Canadian Dollars)**  
**(Unaudited)**

	<b>Three Months Ended</b>	
	<b>December 31,</b>	
	<b>2016</b>	<b>2015</b>
<b>Cash flow - Operating activities</b>		
Net income (loss) for the period	\$ (607,562)	\$ (54,452)
Adjustments for non-cash items:		
Share-based payments	56,000	-
Depreciation	1,987	2,403
Accretion	11,891	9,603
Deferred income tax recovery	-	(15,600)
Gain on settlement of debt	(11,576)	-
Net changes in non-cash working capital balances:		
Accounts receivable	16,308	(31,145)
Prepaid expenses and deposits	(70,510)	8,131
Accounts payable and accrued liabilities	192,523	171,392
	<b>(410,939)</b>	<b>90,332</b>
<b>Cash flow - Investing activities</b>		
Exploration and evaluation costs - acquisition	(21,000)	(11,000)
Exploration and evaluation costs - exploration, net of reimbursements	(29,707)	(167,023)
	<b>(50,707)</b>	<b>(178,023)</b>
<b>Cash flow - Financing activities</b>		
Issue of common shares, net of issue costs	794,365	110,400
	<b>794,365</b>	<b>110,400</b>
<b>Change during the period</b>	<b>332,719</b>	<b>22,709</b>
<b>Cash, beginning of period</b>	<b>1,222,216</b>	<b>21,709</b>
<b>Cash, end of period</b>	<b>\$ 1,554,935</b>	<b>\$ 44,418</b>
<b>Supplemental cash flow information</b>		
Shares issued for mineral properties	\$ -	\$ 2,500

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

# West Red Lake Gold Mines Inc.

## Notes to Condensed Interim Financial Statements

### Three Months Ended December 31, 2016

(Expressed in Canadian Dollars)  
(Unaudited)

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#### 1. Nature of operations

West Red Lake Gold Mines Inc. (the "Company") was incorporated on November 29, 1991 under the Business Corporations Act (Ontario). On May 30, 2012, the Company changed its name from "Hy Lake Gold Inc." to "West Red Lake Gold Mines Inc.". Effective June 29, 2012 the common shares of West Red Lake commenced trading on the Canadian Securities Exchange ("CSE") under the trading symbol RLG and prior to that it traded under the symbol HYL.

The Company commenced its current business activities of acquiring, exploring and developing mineral properties on October 1, 2005. Substantially all of the efforts of the Company are devoted to these business activities. To date the Company has not earned significant revenue and is considered to be in the exploration stage. The ability of the Company to carry out its business plan rests with its ability to secure equity and other financing.

The recoverability of the carrying value of exploration properties and the Company's continued existence is dependent upon the preservation of its interests in the underlying properties, the development of economically recoverable reserves, the achievement of profitable operations, or the ability of the Company to raise additional financing, if necessary, or alternatively upon the Company's ability to dispose of its interests on an advantageous basis. Changes in future conditions could require material write-downs of the carrying values.

Although the Company has taken steps to verify title to the properties in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to government licensing requirements or regulations, unregistered prior agreements, undetected defects, unregistered claims, native land claims, and non-compliance with regulatory and environmental requirements.

The primary office of the Company is located at 82 Richmond Street East, Suite 200, Toronto, Ontario M5C 1P1.

#### 2. Statement of compliance

The Company applies International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC"). These unaudited condensed interim financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting. Accordingly, they do not include all of the information required for full annual financial statements required by IFRS as issued by IASB and interpretations issued by IFRIC. The policies applied in these unaudited condensed interim financial statements are based on IFRSs issued and outstanding as of February 23, 2017, the date the Board of Directors approved the statements.

The same accounting policies and methods of computation are followed in these unaudited condensed interim financial statements as compared with the most recent annual financial statements as at and for the year ended September 30, 2016. Any subsequent changes to IFRS that are given effect in the Company's annual financial statements for the year ending September 30, 2017 could result in restatement of these unaudited condensed interim financial statements.

**West Red Lake Gold Mines Inc.**  
**Notes to Condensed Interim Financial Statements**  
**Three Months Ended December 31, 2016**  
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**2. Statement of compliance (Continued)**

**New standards not yet adopted and interpretations issued but not yet effective**

The following accounting pronouncements have been released but have not yet been adopted by the Company.

(i) IFRS 9 Financial Instruments

IFRS 9, Financial Instruments was issued in final form by the IASB in July 2014 and will replace IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets.

Most requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9. The new standard also requires a single impairment method be used, replacing the multiple impairment methods in IAS 39. IFRS 9 also includes requirements relating to a new hedge accounting model, which represents a substantial overhaul of hedge accounting which will allow entities to better reflect their risk management activities in the financial statements.

The most significant improvements apply to those that hedge non-financial risk, and so these improvements are expected to be of particular interest to non-financial institutions. In addition, a single, forward-looking expected loss impairment model is introduced, which will require more timely recognition of expected credit losses. IFRS 9 is effective for annual period beginning on or after January 1, 2018. Earlier application is permitted. Management has not yet determined the potential impact the adoption of IFRS 9 will have on the Company's financial statements.

**3. Property and equipment**

**COST**

	<b>Computer Equipment</b>	<b>Machinery and Equipment</b>	<b>Vehicles</b>	<b>Total</b>
Balance, September 30, 2015	\$ 8,554	\$ 161,114	\$ 66,405	\$ 236,073
Additions	2,084	-	-	2,084
Balance, September 30, 2016	10,638	161,114	66,405	238,157
<b>Balance, December 31, 2016</b>	<b>\$ 10,638</b>	<b>\$ 161,114</b>	<b>\$ 66,405</b>	<b>\$ 238,157</b>

**ACCUMULATED DEPRECIATION**

	<b>Computer Equipment</b>	<b>Machinery and Equipment</b>	<b>Vehicles</b>	<b>Total</b>
Balance, September 30, 2015	\$ 7,538	\$ 128,969	\$ 56,816	\$ 193,323
Depreciation	460	6,428	2,879	9,767
Balance, September 30, 2016	7,998	135,397	59,695	203,090
Depreciation	198	1,286	503	1,987
<b>Balance, December 31, 2016</b>	<b>\$ 8,196</b>	<b>\$ 136,683</b>	<b>\$ 60,198</b>	<b>\$ 205,077</b>



**West Red Lake Gold Mines Inc.**  
**Notes to Condensed Interim Financial Statements**  
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**3. Property and equipment (Continued)**

**CARRYING AMOUNTS**

	Computer Equipment	Machinery and Equipment	Vehicles	Total
At September 30, 2016	\$ 2,640	\$ 25,717	\$ 6,710	\$ 35,067
<b>At December 31, 2016</b>	<b>\$ 2,442</b>	<b>\$ 24,431</b>	<b>\$ 6,207</b>	<b>\$ 33,080</b>

**4. Exploration and evaluation costs**

On a quarterly basis, management of the Company reviews exploration costs to ensure mineral properties and deferred exploration expenditures include only costs and projects that are eligible for capitalization.

	Balance, September 30, 2016	Acquisition	Exploration	Reimbursements	Balance, December 31, 2016
Mount Jamie	\$ 5,357,880	\$ -	\$ 16,888	\$ -	\$ 5,374,768
Rowan	5,282,700	-	55,633	(325,678)	5,012,655
Red Summit	653,665	-	-	-	653,665
	\$ 11,294,245	\$ -	\$ 72,521	\$ (325,678)	\$ 11,041,088

	Balance, September 30, 2015	Acquisition	Exploration	Reimbursements	Balance, September 30, 2016
Mount Jamie	\$ 5,302,513	\$ 23,500	\$ 31,867	\$ -	\$ 5,357,880
Rowan	4,357,356	-	1,030,787	(105,443)	5,282,700
Red Summit	653,180	-	485	-	653,665
	\$ 10,313,049	\$ 23,500	\$ 1,063,139	\$ (105,443)	\$ 11,294,245

**5. Convertible debentures**

On August 14, 2015, the Company issued three unsecured convertible debentures with principal amounts of \$250,000, \$5,000 and \$15,000. Total finders' fees of \$10,800 in cash and 216,000 common shares (valued at \$10,800) were incurred on the issuance.

The debentures mature on August 14, 2019 and bear interest at an annual rate of 12%. The debentures are convertible, in whole or in part, at the option of the holder at any time prior to the maturity date into common shares of the Company at a conversion price of \$0.075 per common share during the first and second year of the term of the debentures, \$0.10 per common share during the third year, and \$0.15 per common share during the fourth year. The Company can elect, at its sole discretion, to pay the interest to the creditors by cash or by issuance of common shares of the Company.

# West Red Lake Gold Mines Inc.

## Notes to Condensed Interim Financial Statements

### Three Months Ended December 31, 2016

(Expressed in Canadian Dollars)  
(Unaudited)

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#### 5. Convertible debentures (Continued)

In the event that the trading price of the Company's common shares closes at a minimum price of \$0.50 per common share for twenty consecutive trading days, the Company could require the whole of the principal with all accrued and unpaid interest to be converted into common shares. In the event that the Company obtains a subsequent debt financing, the creditor shall have the right to accelerate repayment of the principal and any accrued interest on written request for the accelerated repayment within thirty days from the closing of the subsequent debt financing.

Accretion charges attributable to the debentures for the three months ended December 31, 2016 was \$11,891 (three months ended December 31, 2015 - \$9,603).

#### 6. Share capital

##### (a) Authorized

Unlimited number of common shares without par value.

##### (b) Issued

Shares issued during the three months ended December 31, 2015, were as follows:

- (i) In December 2015, the Company issued 250,000 common shares, with a fair value of \$2,500, to satisfy property acquisition commitments in connection with an expansion of the Mount Jamie Mine property (Rubicon 2 claims). The valuation was based on the fair value of the common shares issued.
- (ii) In December 2015, the Company closed the first tranche of a non-brokered private placement of 1,900,000 flow-through units at a price of \$0.05 per unit for gross proceeds of \$95,000. Each flow-through unit consisted of one flow-through common share and one half of a common share purchase warrant. Each whole warrant entitles its holder to purchase one additional common share at a price of \$0.10 for a period of 18 months from the date of closing.

The flow-through units were issued at a premium to the market price in recognition of the tax benefits accruing to the subscribers. The deferred premium on flow-through units was calculated to be \$73,150.

The 950,000 warrants were assigned a fair value of \$2,850 using the Black-Scholes option-pricing model. The following weighted average assumptions were used: Risk free interest rate – 0.50%; expected volatility – 161% (which is based on historical volatility of the Company's share price); dividend yield - nil; expected life - 1.5 years; share price - \$0.01.

In December 2015, the Company closed the final tranche of a non-brokered private placement of 500,000 flow-through units at a price of \$0.05 per unit for gross proceeds of \$25,000. Each flow-through unit consists of one flow-through common share and one half of a common share purchase warrant. Each whole warrant entitles its holder to purchase one additional common share at a price of \$0.10 for a period of 18 months from the date of closing.

The flow-through units were issued at a premium to the market price in recognition of the tax benefits accruing to the subscribers. The deferred premium on flow-through units was calculated to be \$6,000.

The 250,000 warrants were assigned a fair value of \$4,000 using the Black-Scholes option-pricing model. The following weighted average assumptions were used: Risk free interest rate – 0.48%; expected volatility – 174% (which is based on historical volatility of the Company's share price); dividend yield - nil; expected life - 1.5 years; share price - \$0.03.

In connection with the above placements, the Company paid finder's fees consisting of \$9,600 in cash.

**West Red Lake Gold Mines Inc.**  
**Notes to Condensed Interim Financial Statements**  
**Three Months Ended December 31, 2016**  
**(Expressed in Canadian Dollars)**  
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**6. Share capital (Continued)**

**(b) Issued (continued)**

Shares issued during the three months ended December 31, 2016, were as follows:

- (iii) In December 2016, the Company closed the first tranche of a non-brokered private placement of 4,262,500 flow-through units at a price of \$0.20 per unit for gross proceeds of \$852,500. Each flow-through unit consisted of one flow-through common share and one half of a common share purchase warrant. Each whole warrant entitles its holder to purchase one additional common share at a price of \$0.35 for a period of 18 months from the date of closing.

The 2,131,500 warrants were assigned a fair value of \$262,570 using the Black-Scholes option-pricing model. The following weighted average assumptions were used: Risk free interest rate – 0.69%; expected volatility – 188% (which is based on historical volatility of the Company's share price); dividend yield - nil; expected life - 1.5 years; share price - \$0.185.

- (iv) In December 2016, the Company issued 771,776 common shares, with a fair value of \$142,779, in exchange for \$154,355 of services rendered. The valuation was based on the fair value of the shares issued. As a result the Company recorded a gain on settlement of debt of \$11,576.

**7. Warrants**

The following summarizes the warrant activity for the three months ended December 31, 2015 and December 31, 2016:

	Number of Warrants	Weighted Average Exercise Price(\$)
Balance, September 30, 2015	12,526,800	0.10
Issued (Note 6(b)(ii))	1,200,000	0.10
Expired	(5,850,000)	(0.10)
<b>Balance, December 31, 2015</b>	<b>7,876,800</b>	<b>0.10</b>
Balance, September 30, 2016	14,703,000	0.10
Issued (Note 6(b)(iii))	2,131,250	0.35
<b>Balance, December 31, 2016</b>	<b>16,834,250</b>	<b>0.24</b>

As at December 31, 2016, the following warrants were outstanding:

Expiry Date	Number of Warrants	Exercise Price(\$)
February 14, 2017	760,000	0.10
June 30, 2017	1,200,000	0.10
January 28, 2018	5,200,000	0.40
February 12, 2018	1,800,000	0.10
March 30, 2018	5,600,000	0.15
June 30, 2018	2,131,250	0.35
July 28, 2018	143,000	0.25
	<b>16,834,250</b>	<b>0.24</b>

**West Red Lake Gold Mines Inc.**  
**Notes to Condensed Interim Financial Statements**  
**Three Months Ended December 31, 2016**  
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**8. Stock options**

The Company has a stock option plan (the "Plan") under which the directors of the Company may grant options to acquire common shares of the Company to directors and officers, employees, and consultants of the Company. Exercise prices cannot be less than the closing price of the Company's shares on the trading day preceding the date of grant and the maximum term of any option cannot exceed five years. The options vest immediately unless otherwise specified. The maximum aggregate number of common shares under options any time under the Plan cannot exceed 10% of the issued shares.

The following summarizes the stock option activity for the three months ended December 31, 2015 and December 31, 2016:

	Number of Stock Options	Weighted Average Exercise Price(\$)
<b>Balance, September 30, 2015 and December 31, 2015</b>	<b>1,870,000</b>	<b>0.21</b>
Balance, September 30, 2016	3,850,000	0.21
Granted (i)	350,000	0.20
<b>Balance, December 31, 2016</b>	<b>4,200,000</b>	<b>0.21</b>

(i) In December 2016, the Company granted 350,000 stock options to consultants and service providers of the Company at an exercise price of \$0.20. The options expire 3 years from grant and vested immediately. A fair value of \$56,000 was determined using the Black-Scholes option pricing model. The following weighted average assumptions were used: risk-free interest rate - 0.92%; expected volatility 186% (which is based on historical volatility of the Company's share price); dividend yield - nil; expected life - 3 years; and share price - \$0.18.

The following table provides additional information about outstanding stock options as at December 31, 2016:

Expiry	Exercise Price (\$)	Contractual Life (Years)	Number of Options Outstanding
June 19, 2017	0.18	0.47	200,000
August 29, 2018	0.10	1.66	100,000
March 14, 2019	0.15	2.20	350,000
May 26, 2019	0.25	2.40	900,000
August 8, 2019	0.25	2.60	1,000,000
August 12, 2019	0.26	2.61	300,000
December 20, 2019	0.20	2.97	350,000
August 12, 2020	0.10	3.32	600,000
August 8, 2021	0.25	4.61	400,000
	<b>0.21</b>	<b>2.77</b>	<b>4,200,000</b>

As at December 31, 2016, all options are exercisable.

**West Red Lake Gold Mines Inc.**  
**Notes to Condensed Interim Financial Statements**  
**Three Months Ended December 31, 2016**  
**(Expressed in Canadian Dollars)**  
**(Unaudited)**

**9. Related party transactions**

The Company considers key management to be officers and directors. During the three months ended December 31, 2016 \$68,046 (three months ended December 31, 2015 - \$34,950) of fees were paid or accrued to key management and companies controlled by or related to key management.

Remuneration of officers and directors of the Company was as follows:

	<b>Three Months Ended December 31,</b>	
	<b>2016</b>	<b>2015</b>
Salaries and benefits	\$ 68,046	\$ 34,950

Officers and directors of the Company were also reimbursed out of pocket expenses that occurred in the normal course of operations.

At December 31, 2016, accounts payable and accrued liabilities includes \$50,606 (September 30, 2016 - \$40,836) owing to officers, directors and companies controlled by officers and directors.

Accilent Capital Management Inc., ("Accilent") a significant shareholder, purchased an aggregate of 2,400,000 flow-through units and were paid finder's fees of \$9,600 in the December 2015 private placement (see note 6(b)(ii)) and purchased an aggregate of 4,052,500 flow-through units and were paid finder's fees of \$35,000 in the December 2016 private placement (see note 6(b)(iii)). Finder's fees of \$35,000 are included in accounts payable and accrued liabilities at December 31, 2016.

An officer and director purchased an aggregate of 100,000 flow-through units in the December 2016 private placement (see note 6(b)(iii)).

During the three months ended December 31, 2016, the Company expensed \$3,600 (three months ended December 31, 2015 - \$3,600) for rent to Accilent.

The above noted transactions are in the normal course of business and are approved by the Board of Directors.

As at December 31, 2016, directors and officers of the Company that individually control less than 10% of the common shares collectively control 5,058,517 common shares of the Company or approximately 4.74% of shares outstanding.

As at December 31, 2016, Accilent has indirect control and direction over 29,681,500 common shares and direct control and direction over 696,000 common shares of the Company, representing approximately 28.47% of shares outstanding.

To the knowledge of directors and officers of the Company, the remainder of the Company's outstanding common shares are widely held. These holdings can change at any time, at the sole discretion of the shareholders.

**10. Commitment**

Pursuant to the letter of agreement dated March 5, 2007 related to the 5 Golden Tree claim portion of the 26 claim Mount Jamie Mine property, a one-time payment of \$500,000 is to be paid within 30 days of the Company obtaining a bankable feasibility study. In addition, the Company must make advance royalty payments of \$10,000 per year, which will be deductible from future net smelter royalties, if any.

# **West Red Lake Gold Mines Inc.**

## **Notes to Condensed Interim Financial Statements**

### **Three Months Ended December 31, 2016**

**(Expressed in Canadian Dollars)**  
**(Unaudited)**

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#### **11. Comparative figures**

Certain comparative figures for office general and administrative, investor relations and travel and entertainment have been reclassified to conform with the current period financial statement presentation. These reclassifications had no impact on total expenses.

#### **12. Subsequent event**

Subsequent to December 31, 2016, 760,000 warrants were exercised for proceeds of \$76,000. The warrants had an expiry date of February 14, 2017 and an exercise price of \$0.10.