

# **NALUNAQ A/S**

## **UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS**

Three months ended March 31, 2017 and March 31, 2016

**Nalunaq A/S**  
**Statements of Financial Position**  
(Unaudited, in Canadian Dollars)

	Notes	As at March 31, 2017	As at December 31, 2016
		\$	\$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash		58,999	137,322
Escrow account for environmental monitoring		142,026	141,433
Receivables from company under common control	10	65,670	-
Prepaid expenses and others	3	23,146	-
<b>Total current assets</b>		<b>289,841</b>	<b>278,755</b>
<b>Non-current assets</b>			
Non-current portion – escrow account for environmental monitoring		477,777	475,780
Mineral properties	3	17,692	17,618
<b>Total non-current assets</b>		<b>495,469</b>	<b>493,398</b>
<b>TOTAL ASSETS</b>		<b>785,310</b>	<b>772,153</b>
<b>LIABILITIES AND EQUITY</b>			
<b>Current liabilities</b>			
Trade and other payables		139,809	156,464
Payables and loan to shareholders	4	414,934	167,266
Current portion – environmental monitoring provision		139,074	137,075
<b>Total current liabilities</b>		<b>693,817</b>	<b>460,805</b>
<b>Non-current liabilities</b>			
Environmental monitoring provision		125,209	123,409
<b>Total non-current liabilities</b>		<b>125,209</b>	<b>123,409</b>
<b>Total liabilities</b>		<b>819,026</b>	<b>584,214</b>
<b>Equity (deficiency)</b>			
Capital stock		1,092,727	1,088,160
Contributed surplus		225,188	224,562
Accumulated other comprehensive income		20,350	27,145
Deficit		(1,371,981)	(1,151,928)
<b>Total equity (deficiency)</b>		<b>(33,716)</b>	<b>187,939</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>785,310</b>	<b>772,153</b>

Going concern 1  
Subsequent events 10

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

**Approved by the Board of Directors**

(s) "Eldur Ólafsson"  
Eldur Ólafsson  
Director

(s) "Justinas Matusevičius"  
Justinas Matusevičius  
Director

(s) "Joan Plant"  
Joan Plant  
Director

# NALUNAQ A/S

## Statements of Comprehensive Loss

(Unaudited, in Canadian Dollars)

		Three months ended March 31,	
	Notes	2017	2016
		\$	\$
<b>Expenses</b>			
Exploration and evaluation expenses	6	46,346	-
General and administrative	7	172,171	84,649
Foreign exchange		(1,144)	(630)
Operating loss		217,373	84,019
<b>Other expenses (income)</b>			
Finance costs		2,680	2,526
<b>Loss before income tax recovery</b>		<b>(220,053)</b>	<b>(86,545)</b>
Deferred income tax recovery		-	25,964
<b>Net loss for the period</b>		<b>(220,053)</b>	<b>(60,581)</b>
<b>Other comprehensive loss that may not be reclassified subsequently to net loss:</b>			
Exchange rate differences on translation from functional to presentation currency		(1,302)	(3,634)
<b>Other comprehensive loss</b>		<b>(1,302)</b>	<b>(3,634)</b>
<b>Comprehensive loss</b>		<b>(221,355)</b>	<b>(64,215)</b>
Weighted average number of common shares outstanding - basic and diluted		1,002,000	501,000
Basic and diluted loss per common share		(0.22)	(0.12)

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

# NALUNAQ A/S

## 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)
			\$	\$	\$	\$	\$
<b>Balance at January 1, 2016</b>		<b>501,000</b>	<b>100,901</b>	<b>236,953</b>	<b>(242)</b>	<b>(8,504)</b>	<b>329,108</b>
Net loss		-	-	-	-	(60,581)	(60,581)
Other comprehensive loss		-	(1,553)	(3,647)	1,566	-	(3,634)
Comprehensive loss							(64,215)
<b>Balance at March 31, 2016</b>		<b>501,000</b>	<b>99,348</b>	<b>233,306</b>	<b>1,324</b>	<b>(69,085)</b>	<b>264,893</b>
<b>Balance at January 1, 2017</b>		<b>1,002,000</b>	<b>1,088,160</b>	<b>224,562</b>	<b>27,145</b>	<b>(1,151,928)</b>	<b>187,939</b>
Net loss		-	-	-	-	(220,053)	(220,053)
Other comprehensive loss		-	4,567	926	(6,795)	-	(1,302)
Comprehensive loss							(221,355)
Share-based payments	5	-	-	(300)	-	-	(300)
<b>Balance at March 31, 2017</b>		<b>1,002,000</b>	<b>1,092,727</b>	<b>225,188</b>	<b>20,350</b>	<b>(1,371,981)</b>	<b>(33,716)</b>

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

# NALUNAQ A/S

## Statements of Cash Flows

(Unaudited, in Canadian Dollars)

	Notes	Three months ended March 31,	
		2017	2016
		\$	\$
<b>Operating activities</b>			
Net loss for the period		(220,053)	(60,581)
Adjustments for:			
Share-based payments	5	(300)	-
Finance costs		2,680	2,526
Deferred income tax recovery		-	(25,964)
Payment from cash held in escrow account for environmental monitoring		-	(75,880)
Escrow account for environmental monitoring		-	75,880
Unrealized foreign exchange gain		(2,310)	(615)
		(219,983)	(84,634)
Changes in non-cash working capital items:			
Receivables from company under common control		(65,052)	-
Prepaid expenses and others		(22,918)	-
Trade and other payables		(8,888)	-
Payables to shareholders		155,228	83,776
		58,370	83,776
<b>Cash flow used in operating activities</b>		<b>(161,613)</b>	<b>(858)</b>
<b>Investing activities</b>			
Acquisition of mineral properties		(3,800)	-
<b>Cash flow used in investing activities</b>		<b>(3,800)</b>	-
<b>Financing activities</b>			
Loan from shareholders	4	88,827	-
<b>Cash flow from financing activities</b>		<b>88,827</b>	-
Change in cash during the period		(76,586)	(858)
Effect of exchange rate changes on cash		(1,737)	(638)
Cash, beginning of period		137,322	41,791
<b>Cash, end of period</b>		<b>58,999</b>	<b>40,295</b>
<b>Supplemental cash flow information</b>			
Interest received		-	-
Interest paid		-	-
Additions in mineral properties included in trade and other payables		12,869	-

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

# NALUNAQ A/S

## Condensed Notes to the interim Financial Statements

Three months ended March 31, 2017 and 2016

(Unaudited, in Canadian Dollars)

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

Nalunaq A/S was incorporated on September 25, 2015 and is governed by the *Greenland Public Companies Act*. Nalunaq A/S' head office is situated at Qullilerfik 2, 6, 3900 Nuuk, Greenland. The shareholders of Nalunaq A/S are Arctic Resources Capital S.à r.l. ("ARC") at 66.7% and FBC Mining (Nalunaq) Ltd. ("FBC (Nalunaq)") at 33.3%. Nalunaq A/S, an exploration and evaluation stage company, is in the business of exploring mineral properties in Greenland. Its focus is currently on the exploration and evaluation of its mineral properties in the Greenland for gold metal.

#### 1.1 Basis of presentation and going concern

These unaudited interim condensed financial statements (the "Financial Statement") have been prepared in accordance International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") applicable to the preparation of interim financial statements, including International Accounting Standard ("IAS") 34, Interim Financial Reporting. The Financial Statements should be read in conjunction with the annual financial statements for the year ended December 31, 2016, which have been prepared in accordance with IFRS as issued by the IASB. The accounting policies, methods of computation and presentation applied in these Financial Statements are consistent with those of the previous financial year.

The Financial Statements for the three months ended March 31, 2017 were reviewed and authorized for issue by the Board of Directors on June 29, 2017.

They 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 Nalunaq A/S ("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 Nalunaq A/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. These 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.

Nalunaq A/S recorded a loss of \$220,053 for the three months ended March 31, 2017 and has an accumulated deficit of \$1,371,981 as at March 31, 2017. In addition to ongoing working capital requirements, Nalunaq A/S 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 March 31, 2017, Nalunaq A/S had negative working capital of \$403,976. These conditions indicate the existence of material uncertainties that may cast a significant doubt regarding Nalunaq A/S' ability to continue as a going concern.

Nalunaq A/S' ability to continue as a going concern is dependent upon its ability to raise additional financing to further explore its mineral properties. The planned initial public offering of Alopex Gold Inc. discussed in subsequent events Note, of which Nalunaq A/S is an essential component, is intended to contribute 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 Nalunaq A/S or that they will be available on terms which are acceptable to Nalunaq A/S. If Management is unable to obtain new funding, Nalunaq A/S 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 Nalunaq A/S, 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 Nalunaq A/S' exploration and evaluation activities is influenced by significant financial risks, legal and political risks, commodity prices, and the ability of Nalunaq A/S to discover economically recoverable reserves.

# NALUNAQ A/S

## Condensed Notes to the interim Financial Statements

Three months ended March 31, 2017 and 2016

(Unaudited, in Canadian Dollars)

### 2. CRITICAL ACCOUNTING JUDGMENTS AND ASSUMPTIONS

The preparation of these 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 Nalunaq A/S accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual financial statements for the year ended December 31, 2016.

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	March 31, 2017
Nalunaq	\$ 1	\$ -	\$ 1
Tartog	17,617	74	17,691
<b>Total mineral properties</b>	<b>17,618</b>	<b>74</b>	<b>17,692</b>

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

#### 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.

#### 3.1.2 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:

- ARC shall undertake an exploration program in the summer of 2015.

# NALUNAQ A/S

## Condensed Notes to the interim Financial Statements

Three months ended March 31, 2017 and 2016

(Unaudited, in Canadian Dollars)

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### 3. MINERAL PROPERTIES (CONT'D)

- 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 an initial public offering ("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.

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.

#### 3.1.3 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.

# NALUNAQ A/S

## Condensed Notes to the interim Financial Statements

Three months ended March 31, 2017 and 2016

(Unaudited, in Canadian Dollars)

### 3. MINERAL PROPERTIES (CONT'D)

#### 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.

The total consideration is already payable and the licence transfer became effective January 16, 2017.

##### 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 (\$203,827 using the exchange rate as at March 31, 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.

### 4. PAYABLES AND LOAN TO SHAREHOLDERS

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

	March 31, 2017	December 31, 2016
	\$	\$
<b>Shareholders payables</b>		
ARC	173,748	111,439
FBC Mining (BA) Ltd.	94,768	55,827
FBC Mining (Nalunaq) Ltd.	57,514	-
	326,030	167,266
<b>Shareholders loan</b>		
FBC Mining (BA) Ltd.	88,904	-
	<b>414,934</b>	<b>167,266</b>

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.

# NALUNAQ A/S

## Condensed Notes to the interim Financial Statements

Three months ended March 31, 2017 and 2016

(Unaudited, in Canadian Dollars)

### 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 will pay \$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 March 31, 2017	Nalunaq	Tartoq	Total
	\$	\$	\$
Geology	20,670	25,059	45,729
Analysis	489	185	674
Taxes and permits	-	(57)	(57)
<b>Exploration and evaluation expenses</b>	<b>21,159</b>	<b>25,187</b>	<b>46,346</b>

### 7. GENERAL AND ADMINISTRATION

	Three months ended March 31,	
	2017	2016
	\$	\$
Management fees	60,161	52,146
Professional fees	92,359	18,229
Marketing and industry involvement	2,006	4,042
Insurance	4,384	9,502
Travel and other expenses	13,261	730
<b>General and administration</b>	<b>172,171</b>	<b>84,649</b>

### 8. RELATED PARTY TRANSACTIONS AND KEY MANAGEMENT COMPENSATION

Up to March 31, 2017, Nalunaq A/S' key management personnel are the members of the board of directors. The only officer is also a director. Key management compensation is as follows:

	Three months ended March 31,	
	2017	2016
	\$	\$
Short-term benefits		
Management fees	60,161	52,146
<b>Total compensation</b>	<b>60,161</b>	<b>52,146</b>

The management fees of one of the directors are charged through FBC BA for \$11,500 for the three months ended March 31, 2017.

ARC charged a fixed management fee of \$48,661 for the three months ended March 31, 2017. These management fees included management services from two directors and other services.

# NALUNAQ A/S

## Condensed Notes to the interim Financial Statements

Three months ended March 31, 2017 and 2016

(Unaudited, in Canadian Dollars)

### 8. RELATED PARTY TRANSACTIONS AND KEY MANAGEMENT COMPENSATION (CONT'D)

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.

### 9. FINANCIAL INSTRUMENTS

Nalunaq A/S is exposed to various financial risks resulting from both its operations and its investment activities. Nalunaq A/S' Management manages financial risks. Nalunaq A/S does not enter into financial instruments agreements, including derivative financial instruments for speculative purposes. Nalunaq A/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. Nalunaq A/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 Nalunaq A/S will encounter difficulty in meeting obligations associated with financial liabilities. Nalunaq A/S 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. Nalunaq A/S anticipates seeking additional financing in order to fund general and administrative costs, loan service costs and exploration and evaluation costs. Nalunaq A/S' options to enhance liquidity include the issuance of new debt or equity instruments (refer to note 1.1 for going concern discussion).

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

	As at March 31, 2017		As at December 31, 2016	
	Trade and other payables	Payables and loan to shareholders	Trade and other payables	Payables and loan to shareholders
	\$	\$	\$	\$
Within 1 year	139,809	414,934	156,464	167,266
1 to 5 years	-	-	-	-
<b>Total</b>	<b>139,809</b>	<b>414,934</b>	<b>156,464</b>	<b>167,266</b>

#### 9.3 Currency risk

Nalunaq A/S is exposed to currency risk to the extent that monetary assets and liabilities held by Nalunaq A/S are not denominated in DKK. Nalunaq A/S has not entered into any foreign currency contracts to mitigate this risk.

Nalunaq A/S' cash, escrow account for environmental monitoring, receivables from company under common control, trade and other payables and payables and loan to shareholders are held in DKK, Euros, Canadian Dollars (CAD), United States Dollars (USD) and British Pounds (GBP); therefore, Euros, CAD, USD and GBP accounts are subject to fluctuation against the DKK.

# NALUNAQ A/S

## Condensed Notes to the interim Financial Statements

Three months ended March 31, 2017 and 2016

(Unaudited, in Canadian Dollars)

### 9. FINANCIAL INSTRUMENTS (CONT'D)

Nalunaq A/S had the following balances in currencies other than DKK as follows:

<b>As at March 31, 2017</b>	<b>In Euros</b>	<b>In CAD</b>	<b>In USD</b>	<b>In GBP</b>
Cash	3,331	-	39,365	-
Receivables from company under common control	-	32,655	-	-
Trade and other payables	(478)	-	(58,596)	(7,748)
Receivables (payables) and loan from (to) shareholders	60,626	-	(228,259)	-
	63,479	32,655	(247,490)	(7,748)
Exchange rate	1.4237	1.0000	1.3328	1.6645
<b>Equivalent to Canadian dollars</b>	<b>90,372</b>	<b>32,655</b>	<b>(329,844)</b>	<b>(12,896)</b>

Based on the above net exposures as at March 31, 2017, and assuming that all other variables remain constant, a 10% appreciation or depreciation of the DKK against the Euro, CAD, USD and GBP by 10% would increase/ decrease profit or loss by \$21,971.

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

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 DKK 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 March 31 2017, Nalunaq A/S' financial instruments are cash, escrow account for environmental monitoring, receivables from company under common control, trade and other payables and payables and loan 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. SUBSEQUENT EVENTS

On February 22, 2017, Alopex Gold Inc. (the "Corporation") was incorporated under the *Canada Business Corporations Act*, with nominal assets and capital. Immediately prior to and conditional upon the closing of the initial public offering ("IPO") of the Corporation, the current shareholders of Nalunaq A/S will transfer their shares of Nalunaq A/S to the Corporation in exchange for common shares of the Corporation, with Nalunaq A/S thereby becoming a wholly-owned subsidiary of the Corporation. As at March 31, 2017, Nalunaq A/S had an amount receivable of \$65,670 from the Corporation.

# NALUNAQ A/S

## Condensed Notes to the interim Financial Statements

Three months ended March 31, 2017 and 2016

(Unaudited, in Canadian Dollars)

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### 10. SUBSEQUENT EVENTS (CONT'D)

A prospectus is being filed 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 is being 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 Agents will receive a commission (the "Commission") of 6.5% of the gross amount raised in the IPO, payable in cash from the proceeds of the sale of the Shares. 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. In addition, the Corporation has agreed to grant to the Agents, as additional compensation, non-transferable Share purchase warrants (each an "Agents' Warrant") that will entitle the Agents to purchase, at the Offering Price, such number of Shares as is equal to 6.5% of the aggregate number of Shares sold under the Offering at any time after August 31, 2017 and on or before the date which is 36 months following the date of closing of the Offering.

The Corporation has granted to the Agents an option (the "Over-Allotment Option") exercisable, in whole or in part in the sole discretion of the Agents, at any time for a period of 30 days following the date of closing of the Offering, to sell up to an aggregate number of additional Shares as is equal to 15% of the aggregate number of Shares issued pursuant to the Offering to cover over-allotments, if any, and for market stabilization purposes. If the Over-Allotment Option is exercised in full by the Agents, the total offering to the public will be \$1,500,000. The purchase price of each additional Share sold under the Over-Allotment Option will be equal to the Offering Price.

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 \$173,978 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. 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.

Also, 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.