



**INTERIM FINANCIAL STATEMENTS**

**FOR THE THREE AND SIX MONTHS ENDED  
APRIL 30, 2018**

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

## **NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS**

The accompanying unaudited financial statements have been prepared by management and approved by the Audit Committee.

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

**CARMAX MINING CORP.**  
**INTERIM STATEMENTS OF FINANCIAL POSITION**  
*(Unaudited)*  
**(Expressed in Canadian Dollars)**

	As at April 30, 2018	As at October 31, 2017
<b><u>ASSETS</u></b>		
<b><i>Current Assets</i></b>		
Cash	\$ 786,757	\$ 72,048
GST receivable	6,698	3,730
<b>Total Current Assets</b>	<b>793,455</b>	<b>75,778</b>
<b>Reclamation Deposits (Note 5)</b>	<b>212,000</b>	<b>180,000</b>
<b>Exploration and Evaluation Assets (Note 6)</b>	<b>10,661,036</b>	<b>10,591,427</b>
<b>Total Assets</b>	<b>\$ 11,666,491</b>	<b>\$ 10,847,205</b>
<b><u>LIABILITIES AND EQUITY</u></b>		
<b><i>Current Liabilities</i></b>		
Accounts payable and accrued liabilities	\$ 16,962	\$ 118,851
Loan Payable (Note 10)	-	25,000
<b>Total Current Liabilities</b>	<b>16,962</b>	<b>143,851</b>
<b>Decommissioning Provision (Note 7)</b>	<b>36,169</b>	<b>36,123</b>
<b>Promissory Note (Note 10)</b>	<b>-</b>	<b>102,010</b>
<b>Total Liabilities</b>	<b>53,131</b>	<b>281,984</b>
<b><i>Equity</i></b>		
Share capital (Note 8)	17,633,447	16,236,603
Share-based payment reserve	247,970	247,970
Deficit	(6,268,057)	(5,919,352)
<b>Total Equity</b>	<b>11,613,360</b>	<b>10,565,221</b>
<b>Total Liabilities and Equity</b>	<b>\$ 11,666,491</b>	<b>\$ 10,847,205</b>

These interim financial statements were approved and authorized for issue by the Board of Directors on June 26, 2018 by:

“Jevin Werbes”  
 \_\_\_\_\_  
 Chief Executive Officer

“Chris Healey”  
 \_\_\_\_\_  
 Director

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

**CARMAX MINING CORP.**  
**INTERIM STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS**  
*(Unaudited)*  
(Expressed in Canadian Dollars)

	Three Months Ended		Six Months Ended	
	April 30, 2018	April 30, 2017	April 30, 2018	April 30, 2017
<b>Operating Expenses</b>				
Accretion	\$ 23	\$ 23	\$ 46	\$ 46
Consulting fees	236,417	44,325	288,167	76,075
Director fees	6,000	-	9,000	3,500
Office	5,409	2,925	7,168	5,675
Professional fees	5,756	19,047	9,584	8,313
Promotion and entertainment	431	268	1,523	1,952
Rent	5,250	3,750	10,500	7,500
Shareholder communications	2,856	3,034	10,906	4,520
Transfer agent and regulatory	8,360	6,979	10,614	6,979
Travel	1,705	-	1,705	1,246
<b>Loss Before Non-Operating Items</b>	<b>272,207</b>	<b>80,351</b>	<b>349,213</b>	<b>115,806</b>
<b>Non-Operating (Income)/Expenses</b>				
Interest income	(219)	(149)	(602)	(965)
Loss on sale of investment	-	19,000	-	19,000
<b>Net and Comprehensive Loss</b>	<b>271,988</b>	<b>99,202</b>	<b>348,611</b>	<b>133,841</b>
<b>Basic and Fully Diluted Loss per Share</b>				
	\$ 0.00	\$ 0.00	\$ 0.01	\$ 0.00
<b>Weighted Average Number of Shares Outstanding</b>				
	61,862,839	50,871,266	58,436,183	50,871,266

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

**CARMAX MINING CORP.**  
**INTERIM STATEMENTS OF CHANGES IN EQUITY FOR THE PERIOD OF OCTOBER 31, 2016 TO APRIL 30, 2018**  
*(Unaudited)*  
(Expressed in Canadian Dollars)

	Shares	Amount	Share- Based Payment Reserve	Accumulated Other Comprehensive Loss	Deficit	Total Equity
<i>Balance, October 31, 2016:</i>	50,871,266	\$ 15,992,459	\$ 247,970	\$ (18,500)	\$ (5,631,366)	\$ 10,590,563
Accumulated other comprehensive loss	-	-	-	18,500	-	18,500
Net loss for the period	-	-	-	-	(133,841)	(133,841)
<b>Balance, April 30, 2017</b>	<b>50,871,266</b>	<b>\$ 15,992,459</b>	<b>\$ 247,970</b>	<b>\$ -</b>	<b>\$ (5,765,207)</b>	<b>\$ 10,475,222</b>
Shares issued for cash	23,000,000	1,755,000	-	-	-	1,755,000
Share issuance costs	-	(114,012)	-	-	-	(114,012)
Net loss for the period	-	-	-	-	(502,850)	(502,850)
<b>Balance, April 30, 2018</b>	<b>73,871,266</b>	<b>\$ 17,633,447</b>	<b>\$ 247,970</b>	<b>\$ -</b>	<b>\$ (6,268,057)</b>	<b>\$ 11,613,360</b>

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

**CARMAX MINING CORP.**  
**INTERIM STATEMENTS OF CASH FLOWS**  
*(Unaudited)*  
(Expressed in Canadian Dollars)

	Six Months Ended April 30, 2018	Six Months Ended April 30, 2017
<b><i>Cash Used in Operating Activities</i></b>		
Net loss for the period	\$ (348,611)	\$ (133,841)
<i>Items not affecting cash:</i>		
Accretion	46	46
	<b>(348,565)</b>	<b>(133,795)</b>
<i>Changes in non-cash working capital items:</i>		
Accounts payable and accrued liabilities	(17,696)	15,831
GST receivable	(2,968)	25,304
<b>Cash Used in Operating Activities</b>	<b>(369,229)</b>	<b>(92,660)</b>
<b><i>Cash Used in Investing Activities</i></b>		
Exploration and evaluation assets	(153,896)	(61,865)
Reclamation deposit	(32,000)	-
<b>Cash Used in Investing Activities</b>	<b>(185,896)</b>	<b>(61,865)</b>
<b><i>Cash Provided by Financing Activities</i></b>		
Proceeds from share issuances, net	1,396,844	-
Proceeds from loan	-	25,000
Repayment of loans	(127,010)	-
<b>Cash Provided by Financing Activities</b>	<b>1,269,834</b>	<b>25,000</b>
Decrease in cash for the period	714,709	(129,525)
Cash, beginning of year	72,048	130,730
<b>Cash, End of Period</b>	<b>\$ 786,757</b>	<b>\$ 1,205</b>

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

## **CARMAX MINING CORP.**

Notes to the Interim Financial Statements for the Three and Six Months Ended April 30, 2018 (*Unaudited*)  
(Expressed in Canadian Dollars)

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### **1. NATURE OF OPERATIONS**

Carmax Mining Corp. ("**Carmax**" or the "**Company**") was incorporated under the Canada Business Corporations Act on June 16, 2000 and is listed on the TSX Venture Exchange ("**TSX:V**").

The Company maintains its head office at 142-1146 Pacific Blvd., Vancouver, British Columbia, Canada, V6Z 2X7.

The Company's principal business activity is the acquisition and exploration of resource properties. The Company presently has no proven or probable reserves and on the basis of information to date, it has not yet determined whether these properties contain economically recoverable ore reserves. Consequently, the Company considers itself to be an exploration stage company.

### **2. BASIS OF PRESENTATION**

#### *a) Statement of Compliance*

These financial statements have been prepared in accordance with International Financial Reporting Standards ("**IFRS**") and interpretations of the International Financial Reporting Interpretations Committee ("**IFRIC**").

They do not include all information required for full annual financial statements and should be read in conjunction with the Company's audited annual financial statements for the year ended October 31, 2017.

These financial statements were authorized for issue by the Board of Directors on June 26, 2018.

#### *b) Basis of Measurement*

These financial statements have been prepared on a historical cost basis except for financial instruments that have been measured at fair value. In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information. The functional currency of the Company is the Canadian dollar, being the currency of the economic environment of the Company's operations. The functional currency is also the presentation currency.

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the

## **CARMAX MINING CORP.**

Notes to the Interim Financial Statements for the Three and Six Months Ended April 30, 2018 *(Unaudited)*  
**(Expressed in Canadian Dollars)**

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### **2. BASIS OF PRESENTATION (Continued)**

revision affects both current and future periods. See Note 4 for Critical Accounting Estimates and Judgments made by management in the application of IFRS.

### **3. SIGNIFICANT ACCOUNTING POLICIES**

The preparation of financial data is based on accounting principles and practices consistent with those used in the preparation of the audited annual financial statements as at October 31, 2017. The significant accounting policies used in the preparation of these financial statements set out below have been applied consistently in all material respects.

#### *Accounting Standards Issued*

International Financial Reporting Standard 9, Financial Instruments ("**IFRS 9**"), was issued in November 2009. In July 2014, the IASB issued the final version of IFRS 9 *Financial Instruments* that replaces IAS 39 and all previous versions of IFRS 9. IFRS 9 brings together all three aspects of the accounting for financial instruments project: classification and measurement, impairment and hedge accounting. IFRS 9 is effective for annual periods beginning on or after January 1, 2018, with early application permitted. Except for hedge accounting, retrospective application is required, but the provision of comparative information is not compulsory. For hedge accounting, the requirements are generally applied prospectively, with some limited exceptions.

The Company plans to continue to assess the potential effect of IFRS 9 on its consolidated financial statements.

#### *Recently Adopted Accounting Pronouncements*

During the three and six months ended April 30, 2018, there have been no new accounting policies adopted by the Company.

### **4. USE OF ESTIMATES AND JUDGEMENTS**

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of income and expenses during the reporting period. The preparation of the financial statements also requires management to exercise judgment in the process of applying the accounting policies.

On an on-going basis, management evaluates its judgments and estimates 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 and estimates. Revisions to accounting estimates are recognised prospectively from the period in which the estimates are revised. Actual outcomes may differ from those estimates under different assumptions and conditions.

## **CARMAX MINING CORP.**

Notes to the Interim Financial Statements for the Three and Six Months Ended April 30, 2018 *(Unaudited)*  
**(Expressed in Canadian Dollars)**

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### **4. USE OF ESTIMATES AND JUDGEMENTS (Continued)**

#### Critical Accounting Estimates

The following are the key estimate and assumption uncertainties that have a significant risk of resulting in a material adjustment within the next financial year.

#### *Impairment*

Assets, especially exploration and evaluation assets; are reviewed for impairment whenever events or changes in circumstances indicate that their carrying amounts exceed their recoverable amounts. The assessment of the recoverable amount requires estimates and assumptions such as discount rates, exchange rates, commodity prices, future capital requirements and future operating performance.

#### *Title to Mineral Property Interests*

Although the Company has taken steps to verify title to mineral properties in which it has an interest, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfers and title may be affected by undetected defects (see Note 6).

#### *Decommissioning Provisions*

Management's best estimates regarding the decommissioning provisions are based on the current economic environment and future cash flows. Changes in estimates of contamination, restoration standards and restoration activities result in changes to provisions from period to period. Actual decommissioning provisions will ultimately depend on future prices and conditions.

#### Critical Judgments Used in Applying Accounting Policies

#### *Going Concern*

Financial statements are prepared on a going concern basis, unless management either intends to liquidate the Company or to cease trading, or has no realistic alternative to do so. Assessment of the Company's ability to continue as a going concern requires the consideration of all available information about the future, which is at least, but not limited to, twelve months from the end of the reporting period. This information includes estimates of future cash flows and other factors, the outcomes of which are uncertain. When management is aware, in making its assessment, of material uncertainties related to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern, those uncertainties are disclosed.

#### *Exploration and Evaluation Expenditures*

The application of the Company's accounting policy for exploration and evaluation expenditures requires judgment in determining whether it is likely that future economic benefits will flow to the Company, which is based on assumptions about future events or circumstances. Estimates and

## CARMAX MINING CORP.

Notes to the Interim Financial Statements for the Three and Six Months Ended April 30, 2018 (Unaudited)  
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### 4. USE OF ESTIMATES AND JUDGEMENTS (Continued)

assumptions made may change if new information becomes available. If, after the expenditure is capitalized, information becomes available suggesting that the recovery of the expenditure is unlikely, the amount capitalized is impaired in the statement of operations and comprehensive loss during the period the new information becomes available.

#### *Income taxes*

Significant judgment is required in determining the provision for future income taxes. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Company recognizes liabilities and contingencies for anticipated tax audit issues based on the Company's current understanding of the tax law. For matters where it is probable that an adjustment will be made, the Company records its best estimate of the tax liability including the related interest and penalties in the current tax provision. Management believes they have adequately provided for the probable outcome of these matters; however, the final outcome may result in a materially different outcome than the amount included in the tax liabilities.

In addition, the Company recognizes deferred tax assets relating to tax losses carried forward to the extent there are sufficient taxable temporary differences (deferred tax liabilities) relating to the same taxation authority and the same taxable entity against which the unused tax losses can be utilized. However, utilization of the tax losses also depends on the ability of the taxable entity to satisfy certain tests at the time the losses are recouped.

### 5. RECLAMATION DEPOSITS

The Company was required to post three bonds and two deposits with the Minister of Mines totalling \$212,000 (October 31, 2017 - \$180,000), relating to the on-going and future exploration of the Eaglehead Property in British Columbia. The deposits will be refunded to the Company upon completion of reclamation to the satisfaction of the British Columbia Inspector of Mines. The reclamation deposits are being held in term deposits at various interest rates.

### 6. EXPLORATION AND EVALUATION ASSETS

Mineral property expenditures for the six month period ended April 30, 2018 are:

	<b>Eaglehead Property</b>
Property acquisition costs, as at October 31, 2017	\$ 622,512
Deferred exploration costs, as at October 31, 2017	9,968,915
<b>Balance as at October 31, 2017</b>	<b>10,591,427</b>

## CARMAX MINING CORP.

Notes to the Interim Financial Statements for the Three and Six Months Ended April 30, 2018 (*Unaudited*)  
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### *Additions during the period:*

Camp costs	4,086
Claims	15,000
Engineering and consulting	48,453
Storage	2,070
<b>Total for the Period</b>	<b>69,609</b>
<b>Balance as at April 30, 2018</b>	<b>\$ 10,626,433</b>

Mineral property expenditures for the year ended October 31, 2017 were:

	<b>Eaglehead Property</b>
Property acquisition costs, as at October 31, 2016	\$ 622,512
Deferred exploration costs, as at October 31, 2016	9,901,070
<b>Balance as at October 31, 2016</b>	<b>10,523,582</b>

### *Additions during the year:*

Assays	5,275
Camp costs	6,046
Engineering and consulting	43,248
Reclamation work	7,964
Storage	1,600
Supplies	215
Travel	3,497
<b>Total for the Year</b>	<b>67,845</b>
<b>Balance as at October 31, 2017</b>	<b>\$ 10,591,427</b>

### **Eaglehead Property**

The Company entered into an agreement, effective October 31, 2005, with two former directors of the Company to acquire a 100% interest in the Eaglehead Property, subject to a 2.5% net smelter return (“NSR”) royalty. The Eaglehead property is located near the Dease Lake area of north central British Columbia. The Earnings Option was fulfilled by the Carmax in 2011 as a result of which the claims became 100% owned and controlled by the Company subject to a 2.5% NSR royalty of which 1.5% can be purchased by the Company for \$2,000,000.

The Eaglehead property, as originally acquired, and four mineral tenures acquired from Copper Fox Metals Inc. (“**Copper Fox**”), the controlling shareholder of the Company, for \$11,011, which consolidated into one mineral tenure.

An area covering 981 hectares of the Eaglehead property is also subject to a separate 2% NSR royalty payable to an arm’s length third party, one-half (1%) of which may be purchased for \$1,000,000.

## CARMAX MINING CORP.

Notes to the Interim Financial Statements for the Three and Six Months Ended April 30, 2018 (*Unaudited*)  
(Expressed in Canadian Dollars)

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### 7. DECOMMISSIONING PROVISION

The decommissioning provision for the Eaglehead exploration and evaluation asset was estimated by management based on the Company's ownership interest, the estimated timing of the risk adjusted costs to be incurred in future periods and the Company's risk free interest rate of 2.24% as at April 30, 2018 (October 31, 2017 – 2.00%). The Company has estimated the net present value of this provision at April 30, 2018 to be \$36,169 (October 31, 2017 - \$36,123) based on a total undiscounted liability of \$36,500. This undiscounted cost was determined by using a risk adjusted rate of inflation of 1.47% as at April 30, 2018 (October 31, 2017 – 0.87%).

	April 30, 2018	October 31, 2017
<b>Balance, Beginning of Year</b>	<b>\$ 36,123</b>	\$ 36,031
Accretion	46	92
<b>Balance, End of Period</b>	<b>\$ 36,169</b>	\$ 36,123

### 8. SHARE CAPITAL

#### a) Authorized

An unlimited number of common shares without par value.

#### b) Issued and Outstanding

During the six month period ended April 30, 2018, the Company incurred the following share issuance:

- On March 29, 2018, the Company issued 18,750,000 units at \$0.08 per unit, pursuant to a private placement, for gross proceeds of \$1,500,000. Each unit consists of one common share and one share purchase warrant. Each share purchase warrant is exercisable into one common share at \$0.12 until March 29, 2020.

The warrants will have an early acceleration provision wherein the warrants will become callable on 21 days' notice in the event the Company's shares trade at a price of \$0.25 per share or greater for a 30 day trading period after the four month hold period expires.

Finders' fees of \$48,048, filing fees of \$7,500 and legal fees of \$47,608 were paid with respect to this financing.

During the year ended October 31, 2017, the Company incurred the following share issuance:

- On August 28, 2017, the Company issued 4,250,000 post-consolidation units at \$0.06 per unit, pursuant to a private placement, for gross proceeds of \$255,000. Each unit consists of one common share and one share purchase warrant. Each share purchase warrant is exercisable into one common share at \$0.10 until February 28, 2019.

## CARMAX MINING CORP.

Notes to the Interim Financial Statements for the Three and Six Months Ended April 30, 2018 (Unaudited)  
(Expressed in Canadian Dollars)

### 8. SHARE CAPITAL (Continued)

Finders' fees of \$800, filing fees of \$1,275 and legal fees of \$8,781 were paid with respect to this financing.

- On November 17, 2017, the Company consolidated its share capital based on one post consolidated common share for every two pre-consolidated common shares. All common share and per common share amounts, including options and warrants, in these financial statements have been adjusted to give retroactive effect to the share consolidation.

#### c) Warrants

A summary of changes in share purchase warrants for the six month period ended April 30, 2018 and the year ended October 31, 2017 is presented below:

	Six Months Ended April 30, 2018		Year Ended October 31, 2017	
	Number of Warrants Outstanding	Weighted Average Exercise Price	Number of Warrants Outstanding	Weighted Average Exercise Price
Balance, Beginning of Year	4,250,000	\$ 0.100	8,090,225	\$ 0.166
Expired	-	-	(8,090,225)	(0.166)
Issued	18,750,000	0.120	4,250,000	0.100
<b>Balance, End of Period</b>	<b>23,000,000</b>	<b>\$ 0.116</b>	<b>4,250,000</b>	<b>\$ 0.100</b>

As at April 30, 2018 share purchase warrants outstanding and exercisable are as follows:

Number of Warrants Outstanding	Warrant Exercise Price	Warrants Exercisable as of April 30, 2018	Warrant Expiry Date
4,250,000	\$ 0.100	4,250,000	February 28, 2019
18,750,000	0.120	-	March 29, 2020
<b>23,000,000</b>	<b>\$ 0.116</b>	<b>4,250,000</b>	

As at April 30, 2018, the weighted average remaining contractual life of the share purchase warrants was 1.715 years (October 31, 2017 – 1.33 years) and the weighted average exercise price was \$0.116 (October 31, 2017 - \$0.100).

## CARMAX MINING CORP.

Notes to the Interim Financial Statements for the Three and Six Months Ended April 30, 2018 (Unaudited)  
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### 9. SHARE BASED PAYMENTS

#### Stock Options

The Company has a fixed stock option plan which follows the policies of the TSX Venture Exchange (“TSX-V”) regarding stock option awards granted to directors, officers, employees and consultants. The stock option plan allows a maximum of 10% of the issued shares to be reserved for issuance under the plan.

A summary of changes in stock options for the six month period ended April 30, 2018 and the year ended October 31, 2017 is presented below:

	Six Months Ended April 30, 2018		Year Ended October 31, 2017	
	Number of Options Outstanding	Weighted Average Exercise Price	Number of Options Outstanding	Weighted Average Exercise Price
Balance, Beginning of Year:	2,350,000	\$ 0.13	2,350,000	\$ 0.13
Expired	-	-	-	-
<b>Balance, End of Period</b>	<b>2,350,000</b>	<b>\$ 0.13</b>	<b>2,350,000</b>	<b>\$ 0.13</b>

As at April 30, 2018, options outstanding for the purchase of common shares as follows:

Number of Options Outstanding	Option Exercise Price	Options Exercisable as of April 30, 2018	Option Expiry Date
1,725,000	\$ 0.14	1,725,000	July 9, 2019
450,000	\$ 0.10	450,000	April 29, 2020
175,000	\$ 0.10	175,000	October 16, 2020
<b>2,350,000</b>	<b>\$ 0.13</b>	<b>2,350,000</b>	

As at April 30, 2018, the weighted average remaining contractual life of the options was 1.44 years (October 31, 2017 – 1.94 years) and the weighted average exercise price was \$0.13 (October 31, 2017 - \$0.13).

Compensation costs attributable to the granting and vesting of share options are measured at fair value and expensed with a corresponding increase to share-based payment reserve. Upon exercise of the stock options, consideration paid by the option holder together with the amount previously recognized in share-based payment reserve is recorded as an increase to share capital. Upon expiry, the amounts recorded for share-based compensation are transferred to the deficit from the share-based payment reserve.

## **CARMAX MINING CORP.**

Notes to the Interim Financial Statements for the Three and Six Months Ended April 30, 2018 (*Unaudited*)  
(Expressed in Canadian Dollars)

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### **9. SHARE BASED PAYMENTS (Continued)**

#### *Options Issued to Employees*

The fair value measured at the grant date is determined using a Black-Scholes option pricing model that takes into account the exercise price, expected forfeitures, the term of the option, the share price at grant date, the expected volatility of the underlying share, the dividend yield and the risk free interest rate of the option.

During the six month period ended April 30, 2018, the Company did not issue any options to employees.

#### *Options Issued to Non-Employees*

Options issued to non-employees are measured based on the fair value of the goods or services received at the date of receiving those goods or services. If the fair value of the goods or services received cannot be estimated reliably the options are measured by determining the fair value of the options granted using the Black-Scholes option pricing model.

During the six month period ended April 30, 2018, the Company did not issue any options to non-employees.

### **10. RELATED PARTY TRANSACTIONS**

Key management personnel are the persons responsible for the planning, directing and controlling of the Company's activities, and include executive directors, as well as entities controlled by such persons.

At April 30, 2018, included in accounts payable and accrued liabilities is \$800 (October 31, 2017 – \$400) owing to a company controlled by a director, \$18,000 (October 31, 2017 - \$15,000) owing to a director of the Company and \$79,247 (October 31, 2017 - \$72,108) owing to Copper Fox.

For the six month period ended April 30, 2018, \$Nil (April 30, 2017 - \$2,500) was paid in rent to a company controlled by an officer of Carmax. In addition, \$Nil (October 31, 2017 - \$12,000) was paid and capitalized to Eaglehead for services rendered by a company which is controlled by a director. These amounts payable are non-interest bearing, unsecured and have no specific terms of repayment.

As at April 30, 2018 and October 31, 2017, coupled with the six months ended April 30, 2018 and 2017, the Company incurred the following capitalizations and expenditures for key management personnel and the companies that are directly controlled by them.

## CARMAX MINING CORP.

Notes to the Interim Financial Statements for the Three and Six Months Ended April 30, 2018 (*Unaudited*)  
(Expressed in Canadian Dollars)

### 10. RELATED PARTY TRANSACTIONS (Continued)

	As at April 30, 2018	As at October 31, 2017
<i>Balance Sheet Items:</i>		
Exploration and evaluation assets	\$ -	\$ 12,000
<b>Total</b>	<b>\$ -</b>	<b>\$ 12,000</b>
<hr/>		
	Six Months Ended April 30, 2018	Six Months Ended April 30, 2017
<i>Statement of Operations Items:</i>		
Consulting	\$ 69,667	\$ 65,000
Director fees	9,000	3,500
Rent	-	2,500
<b>Total</b>	<b>\$ 78,667</b>	<b>\$ 71,000</b>

#### Promissory Note

On October 28, 2015 Carmax entered into a promissory note loan (the “**Loan**”) with Copper Fox, whereas Copper Fox agreed to lend Carmax up to \$400,000, in minimum increments of \$50,000, for working capital purposes, as needed. Carmax shall pay interest on the principle, from the disbursement date to the due date, November 30, 2019, at a rate of 1% per annum, compounded annually.

At any time during the term of the Loan, Copper Fox, at its sole discretion, can convert a portion or the entire loan outstanding, including unpaid interest, into free trading shares of Carmax at a price equal to the greater of \$0.10 or the trading price, subject to the prior approval of the exchange.

For accounting purposes, the promissory note is considered a liability since the conversion feature is not “fixed for fixed” and is therefore considered an embedded derivative. However, the embedded derivative liability has no value as the conversion price is set at the market price on the date of the conversion. Therefore, the full value of the promissory note is classified as a liability.

On April 2, 2018, Carmax repaid the promissory note outstanding and accrued interest in full to Copper Fox.

#### Loan Payable

During the year ended October 31, 2017, the Company received a \$25,000 working capital loan from Copper Fox.

On April 2, 2018, Carmax repaid the loan payable outstanding in full to Copper Fox.

## CARMAX MINING CORP.

Notes to the Interim Financial Statements for the Three and Six Months Ended April 30, 2018 (*Unaudited*)  
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### 11. CAPITAL RISK MANAGEMENT

The Company considers its capital structure to consist of share capital, share options and warrants. The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition, exploration and development of mineral properties. The Board of Directors does not establish quantitative returns on capital criteria for management.

The mineral properties in which the Company currently has an interest are in the exploration stage; as such, the Company is dependent on external financing to fund its activities. Additional sources of funding, which may not be available on favourable terms, if at all, include: share equity and debt financings; equity, debt or property level joint ventures; and sale of interests in existing assets. In order to carry out the planned exploration and development and pay for operating expenses, the Company will spend its existing working capital and raise additional amounts as needed. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

There were no changes in the Company's approach to capital management during the six month period ended April 30, 2018. The Company is not subject to externally imposed capital requirements. The Company's investment policy is to invest its surplus cash in highly liquid short-term interest-bearing investments; all held within major Canadian financial institutions.

### 12. FINANCIAL INSTRUMENTS AND RISKS MANAGEMENT DISCLOSURES

The Company's financial assets, measured at fair value, are as follows:

	Input Level	As at April 30, 2018		As at October 31, 2017	
		Carrying Amount	Estimated Fair value	Carrying Amount	Estimated Fair Value
<i>Financial Assets:</i>					
Cash	1	\$ 786,757	\$ 786,757	\$ 72,048	\$ 72,048
<b>Total</b>		<b>\$ 786,757</b>	<b>\$ 786,757</b>	<b>\$ 72,048</b>	<b>\$ 72,048</b>

#### Fair Value

The estimated fair values, established by IFRS 7, of cash, short term investments and accounts payable approximate their respective carrying values due to the immediate or short period to maturity. The available for sale investments are carried at fair values based on the published or electronic market price quotation.

The Company utilizes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value as follows:

## **CARMAX MINING CORP.**

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*Level 1* - Unadjusted quoted prices at the measurement date for identical assets or liabilities in active markets;

*Level 2* - Inputs other than quoted prices that are observable for the asset or liability either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

*Level 3* - Significant unobservable (no market data available) inputs which are supported by little or no market activity.

### **Risk Management**

Risk management is carried out by the Company's management team with guidance from the Board of Directors. The Company's risk exposures and their impact on the Company's financial instruments are summarized below:

#### **a) Credit Risk**

The Company does not currently generate any revenues from sales to customers nor does it hold derivative type instruments that would require a counterparty to fulfil a contractual obligation. The Company does not have any asset-backed commercial instruments. Financial instruments that potentially subject the Company to concentrations of credit risks consist principally of cash and short term investments. To minimize the credit risk the Company places cash with the high credit quality financial institutions. The Company considers its exposure to credit risk to be insignificant.

#### **b) Liquidity Risk**

Liquidity risk is the risk that the Company cannot meet its financial obligations. The Company manages liquidity risk and requirements by maintaining sufficient cash balances and or through additional financings to ensure that there is sufficient capital in order to meet short term obligations. As at April 30, 2018, the Company has cash aggregating \$786,757 (October 31, 2017 - \$72,048) and current financial liabilities of \$16,962 (October 31, 2017 - \$143,851) which have contractual maturities of 30 days or less. The Company will require additional sources of equity, joint venture partnership or debt financing to fund ongoing operations and the exploration and development of its mineral properties.

In the event that the Company is not able to obtain adequate additional funding to continue as a going concern, material adjustments would be required to both the carrying value and classification of assets and liabilities on the statement of financial position. It is not possible to predict, due to many external factors including commodity prices and equity market conditions, as to whether future financing will be successful or available at all.

## **CARMAX MINING CORP.**

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### **c) Market Risk**

#### *i) Interest Rate Risk*

The Company manages its interest rate risk by obtaining commercial deposit interest rates available in the market by the major Canadian financial institutions on its cash and short term investments.

#### *ii) Foreign Exchange Risk*

The Company's functional currency and the reporting currency is the Canadian dollar. Periodically the Company incurs charges on its operations for settlement in currencies other than its functional currency and any gain or loss arising on such transactions is recorded in operations for the year.

The Company does not participate in any hedging activities to mitigate any gains or losses which may arise as a result of exchange rate changes.

As at April 30, 2018, the Company held no financial assets or liabilities which were denominated in currencies other than the Canadian dollar.

#### *iii) Commodity Price Risk*

The Company is exposed to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. To mitigate price risk, the Company closely monitors commodity prices of precious metals, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.

## **13. SUBSEQUENT EVENTS**

On May 8, 2018, Carmax acquired additional mineral tenures located contiguous to its 100% owned Eaglehead project.

Highlights of the transaction were:

- Approximately 2,400 ha in 3 mineral tenures located contiguous to the northern boundary of the Eaglehead project,
- Purchase price consisted of \$15,000 and 3,900,000 shares of Carmax,
- The vendor will retain a 2% NSR on production from the project;
- Carmax retains the right to re-purchase up to 1.5% of the 2% NSR for a purchase price of \$1,000,000.

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On June 1, 2018, Carmax announce that at the annual meeting of the Company held May 31, 2018, shareholders of Carmax approved a special resolution authorizing the Company to change its name to “*District Copper Corp.*” subject to Exchange approval. The effective date of the name change remains to be established after the consent of the TSX Venture Exchange is received.