



# ALEXANDRIA

## MINERALS CORPORATION

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### **Alexandria Minerals Corporation**

**Condensed Interim Consolidated Financial Statements**

**Three months ended July 31, 2016**

**(Expressed in Canadian Dollars)**

**(Unaudited)**

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

The accompanying unaudited condensed interim consolidated financial statements of Alexandria Minerals Corporation (the "Company") were prepared by management in accordance with International Financial Reporting Standards. Management acknowledges responsibility for the preparation and presentation of the unaudited condensed interim consolidated financial statements, including responsibility for significant accounting judgments and estimates and the choice of accounting principles and methods that are appropriate to the Company's circumstances.

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 consolidated 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 consolidated financial statements and (ii) the unaudited condensed interim consolidated financial statements fairly present in all material respects the financial condition, financial performance and cash flows of the Company, as of the date of and for the periods presented by the unaudited condensed interim consolidated financial statements.

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

(signed)  
Eric O. Owens  
Chief Executive Officer

(signed)  
Mario A. Miranda  
Chief Financial Officer

Toronto, Canada  
September 26, 2016

### **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 interim financial statements, they must be accompanied by a notice indicating that the interim financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim consolidated 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 consolidated 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.

**ALEXANDRIA MINERALS CORPORATION****CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

(Expressed in Canadian Dollars)

(Unaudited)

	As at July 31, 2016	As at April 30, 2016
	\$	\$
<b>ASSETS</b>		
<b>Current assets</b>		
Cash	3,767,137	39,896
Sales tax and sundry receivable	209,229	212,101
Prepaid expenses	302,002	322,815
Quebec refundable tax credits and mining duties refund receivable (Note 13)	442,565	413,524
Investment in available-for-sale securities (Note 3)	246,078	94,486
	4,967,011	1,082,822
Property and equipment (Note 4)	10,306	12,322
Mining rights and deferred exploration expenditures (Note 5)	23,915,090	23,695,116
	28,892,407	24,790,260
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities (Note 10(c))	300,153	520,003
Flow-through share liability (Note 6(b)(iii))	370,554	-
Indemnity liability - current portion (Note 12(v))	19,288	75,816
	689,995	595,819
Deferred tax liability	1,201,962	1,201,962
	1,891,957	1,797,781
<b>SHAREHOLDERS' EQUITY</b>		
Share capital (Note 6(b))	26,869,549	24,011,988
Reserve for warrants (Note 8)	1,524,758	-
Reserve for share based payments (Note 7)	11,172,647	11,157,546
Accumulated other comprehensive income	158,510	106,918
Deficit	(12,725,014)	(12,283,973)
	27,000,450	22,992,479
	28,892,407	24,790,260

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

Nature of business (Note 1)  
Commitments (Note 12)  
Contingency (Note 13)  
Subsequent events (Note 14)

Approved by the Board "Eric O. Owens" Director    "Walter C. Henry" Director



**ALEXANDRIA MINERALS CORPORATION**  
**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF LOSS**  
(Expressed in Canadian Dollars)  
(Unaudited)

	Three Months Ended July 31, 2016	Three Months Ended July 31, 2015
	\$	\$
<b>Expenses</b>		
Accounting and corporate services	11,472	13,065
Business development	64,869	20,526
Depreciation (Note 4)	2,016	2,213
Director fees (Note 10(b))	40,333	7,625
Investor and public relations	115,420	81,815
Management fees (Notes 10(a) and (b))	75,200	85,625
Office and general (Note 12 (v))	62,608	72,556
Professional fees	41,260	25,593
Share based payments (Note 7)	15,101	4,260
Wages	49,821	43,042
	<b>478,100</b>	356,320
<b>Net operating loss before gain on sale of investment in available-for-sale securities, interest income and premium on flow-through shares</b>	<b>(478,100)</b>	<b>(356,320)</b>
Gain on sale of investment in available-for-sale securities	-	185,977
Interest income	-	14
Premium on flow-through shares	<b>37,059</b>	-
<b>Net loss for the period</b>	<b>(441,041)</b>	<b>(170,329)</b>
Basic and diluted loss per share (Note 9)	<b>(0.00)</b>	<b>(0.00)</b>
<b>Weighted average number of shares outstanding</b>	<b>306,126,426</b>	<b>241,510,497</b>

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

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**ALEXANDRIA MINERALS CORPORATION****CONDENSED INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS****(Expressed in Canadian Dollars)****(Unaudited)**

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	<b>Three Months Ended July 31, 2016</b>	<b>Three Months Ended July 31, 2015</b>
<b>Net loss for the period</b>	<b>\$ (441,041)</b>	<b>\$ (170,329)</b>
<b>Other comprehensive income (loss)</b>		
<b>Items that will be reclassified subsequently to income:</b>		
Increase in unrealized gain (loss) on available-for-sale investments, net of tax	<b>51,592</b>	<b>(15,222)</b>
Reclassification of realized loss on available-for-sale investments, net of tax	<b>-</b>	<b>23,283</b>
<b>Comprehensive loss</b>	<b>(389,449)</b>	<b>(162,268)</b>

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

**ALEXANDRIA MINERALS CORPORATION**

**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY**

(Expressed in Canadian Dollars)

(Unaudited)

	Share capital	Reserve for warrants	Reserve for share based payments	Deficit	Accumulated other comprehensive income	Total
<b>Balance, April 30, 2015</b>	<b>\$ 22,821,894</b>	<b>\$ 40,700</b>	<b>\$ 11,054,839</b>	<b>\$(10,304,998)</b>	<b>\$ 52,693</b>	<b>\$ 23,665,128</b>
Shares received on sale of mining rights	(370,429)	-	-	-	-	(370,429)
Share based payments	-	-	4,260	-	-	4,260
Unrealized loss on available-for-sale investments, net of tax	-	-	-	-	(15,222)	(15,222)
Reclassification of realized loss on available-for-sale investments, net of tax	-	-	-	-	23,283	23,283
Net loss for the period	-	-	-	(170,329)	-	(170,329)
<b>Balance, July 31, 2015</b>	<b>22,451,465</b>	<b>40,700</b>	<b>11,059,099</b>	<b>(10,475,327)</b>	<b>60,754</b>	<b>23,136,691</b>
<b>Balance, April 30, 2016</b>	<b>24,011,988</b>	<b>-</b>	<b>11,157,546</b>	<b>(12,283,973)</b>	<b>106,918</b>	<b>22,992,479</b>
Units issued in private placement	5,091,258	-	-	-	-	5,091,258
Share issuance costs	(465,886)	164,560	-	-	-	(301,326)
Flow-through premium	(407,613)	-	-	-	-	(407,613)
Fair value of warrants issued	(1,360,198)	1,360,198	-	-	-	-
Unrealized gain on available-for-sale investments, net of tax	-	-	-	-	51,592	51,592
Share based payments	-	-	15,101	-	-	15,101
Net loss for the period	-	-	-	(441,041)	-	(441,041)
<b>Balance, July 31, 2016</b>	<b>\$ 26,869,549</b>	<b>\$ 1,524,758</b>	<b>\$ 11,172,647</b>	<b>\$(12,725,014)</b>	<b>\$ 158,510</b>	<b>\$ 27,000,450</b>

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

**ALEXANDRIA MINERALS CORPORATION**  
**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(Expressed in Canadian Dollars)  
(Unaudited)

	Three Months Ended July 31, 2016	Three Months Ended July 31, 2015
	\$	\$
<b>Cash used in operating activities</b>		
Net loss	(441,041)	(170,329)
Items not involving cash:		
Share based payments	15,101	4,260
Depreciation	2,016	2,213
Accretion of indemnity liability	2,700	10,088
Gain on sale of investment in available-for-sale securities	-	(185,977)
Premium on flow-through shares	(37,059)	-
Changes in non-cash working capital:		
Sales tax and sundry receivable	2,872	108,039
Prepaid expenses	20,813	1,461
Quebec refundable tax credits and mining duties refund receivable	(29,041)	(114,617)
Accounts payable and accrued liabilities	(219,849)	87,779
	<b>(683,488)</b>	<b>(257,083)</b>
<b>Cash flows provided by (used in) investing activities</b>		
Exploration expenditures	(319,974)	(202,028)
Proceeds from sale of investment in available-for-sale securities	-	373,440
	<b>(319,974)</b>	<b>171,412</b>
<b>Cash flows provided by financing activities</b>		
Repayment of indemnity liability	(59,229)	(59,229)
Issue of units	5,091,258	-
Share issuance costs	(301,326)	-
	<b>4,730,703</b>	<b>(59,229)</b>
<b>Net change in cash during the period</b>	<b>3,727,241</b>	<b>(144,900)</b>
<b>Cash, beginning of period</b>	<b>39,896</b>	<b>214,997</b>
<b>Cash, end of period</b>	<b>3,767,137</b>	<b>70,097</b>

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

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# ALEXANDRIA MINERALS CORPORATION

## NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Canadian Dollars)

(Unaudited)

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Three Months Ended July 31, 2016

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### 1. NATURE OF BUSINESS

Alexandria Minerals Corporation (the "Company" or "Alexandria") is engaged in the acquisition, exploration and development of mineral resource properties in Canada. The Company is in the process of exploring, and has not yet determined whether there is an economically viable ore deposit on its properties. The Company was incorporated on May 27, 2002. To date, the Company has not earned revenue from its mineral properties. The Company's common shares are listed on the TSX Venture Exchange ("TSX-V") under the symbol AZX, on the Frankfurt Stock Exchange under the symbol A9D and on the Pink Sheets USA under the symbol ALXDF. The primary office is located at 1 Toronto Street, Suite 201, Toronto, Ontario, M5C 2V6.

The unaudited condensed interim consolidated financial statements were approved by the Board of Directors on September 26, 2016.

### 2. SIGNIFICANT ACCOUNTING POLICIES

#### *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 consolidated 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 consolidated financial statements are based on IFRSs issued and outstanding as of September 26, 2016, the date the Board of Directors approved the statements. The same accounting policies and methods of computation are followed in these unaudited condensed interim consolidated financial statements as compared with the most recent annual consolidated financial statements as at and for the year ended April 30, 2016. Any subsequent changes to IFRS that are given effect in the Company's annual consolidated financial statements for the year ending April 30, 2017 could result in restatement of these unaudited condensed interim consolidated financial statements.

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

IFRS 9, Financial Instruments ("IFRS 9"), was issued by the IASB in its final form in July 2014 and will replace IAS 39, Financial Instruments: Recognition and Measurement ("IAS 39"). 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 of the 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 to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 is effective for annual periods beginning on or after January 1, 2018. The Company intends to adopt the standard on its effective date and is assessing the impact of IFRS 9 on its unaudited condensed interim consolidated financial statements.

IFRS 16, Leases ("IFRS 16") was issued in January 2016, and supersedes IAS 17, Leases. This standard introduces a single lessee accounting model. The new standard will affect the initial present value of unavoidable future lease payments as lease assets and lease liabilities on the statement of financial position, including for most leases which are currently accounted for as operating leases. The Standard is effective for annual periods beginning on or after January 1, 2019. The Company intends to adopt the standard on its effective date and is assessing the impact of IFRS 16 on its unaudited condensed interim consolidated financial statements.

# ALEXANDRIA MINERALS CORPORATION

## NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Canadian Dollars)

(Unaudited)

Three Months Ended July 31, 2016

### 3. INVESTMENT IN AVAILABLE-FOR-SALE SECURITIES

July 31, 2016	Number of Shares	Cost	Market Value Adjustment	Fair Value
Integra Gold Corp.	50,000	\$ 21,750	\$ 21,750	\$ 43,500
Hecla Mining Company	2,690	20,224	2,604	22,828
Cartier Resources Inc.	80,000	10,400	1,600	12,000
Prosper Gold Corporation	150,000	27,000	15,750	42,750
Quinto Real Capital Corporation (Note 5(c))	1,000,000	100,000	25,000	125,000
		<b>\$ 179,374</b>	<b>\$ 66,704</b>	<b>\$ 246,078</b>

April 30, 2016	Number of Shares	Cost	Market Value Adjustment	Fair Value
Integra Gold Corp.	50,000	\$ 21,750	\$ 12,750	\$ 34,500
Hecla Mining Company	2,690	20,224	(8,738)	11,486
Cartier Resources Inc.	80,000	10,400	(2,400)	8,000
Prosper Gold Corporation	150,000	27,000	13,500	40,500
		<b>\$ 79,374</b>	<b>\$ 15,112</b>	<b>\$ 94,486</b>

### 4. PROPERTY AND EQUIPMENT

Cost	Computer equipment	Office equipment	Computer software	Leasehold improvement	Total
Balance, April 30, 2015	\$ 42,146	\$ 13,109	\$ 3,587	\$ 28,198	\$ 87,040
Additions	-	428	-	-	428
Balance, April 30, 2016	42,146	13,537	3,587	28,198	87,468
Balance, July 31, 2016	\$ 42,146	\$ 13,537	\$ 3,587	\$ 28,198	\$ 87,468

Accumulated depreciation	Computer equipment	Office equipment	Computer software	Leasehold improvement	Total
Balance, April 30, 2015	\$ 35,505	\$ 8,261	\$ 2,758	\$ 19,740	\$ 66,264
Depreciation	1,992	1,001	249	5,640	8,882
Balance, April 30, 2016	37,497	9,262	3,007	25,380	75,146
Depreciation	349	214	43	1,410	2,016
Balance, July 31, 2016	\$ 37,846	\$ 9,476	\$ 3,050	\$ 26,790	\$ 77,162

Carrying value	Computer equipment	Office equipment	Computer software	Leasehold improvement	Total
Balance, April 30, 2016	\$ 4,649	\$ 4,275	\$ 580	\$ 2,818	\$ 12,322
Balance, July 31, 2016	\$ 4,300	\$ 4,061	\$ 537	\$ 1,408	\$ 10,306

**ALEXANDRIA MINERALS CORPORATION**  
**NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
(Expressed in Canadian Dollars)  
(Unaudited)  


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**Three Months Ended July 31, 2016**

**5. MINING RIGHTS AND DEFERRED EXPLORATION EXPENDITURES**

As at July 31, 2016, the Company has acquired interests, or has acquired options to earn interests, in the following properties:

	July 31, 2016	April 30, 2016
	\$	\$
<b>Cadillac Break Property Group 5(a)</b>		
<b>Orenada</b>		
Opening balance	6,498,090	5,994,996
Assays and maps	9,115	46,072
Drilling	176,505	209,696
Geophysics	13,253	71,236
Geology and geochemistry	3,909	100,031
Sale of Net Smelter Royalties	-	(50,494)
General expenses	8,473	17,528
Indirect exploration expenses <sup>(1)</sup>	36,823	109,025
Closing balance	6,746,168	6,498,090
<b>Akasaba 5(a)</b>		
Opening balance	13,159,175	13,046,117
Geology and geochemistry	31,583	89,073
General expenses	-	1,719
Indirect exploration expenses <sup>(1)</sup>	5,505	22,266
Closing balance	13,196,263	13,159,175
<b>Sleepy 5(a)</b>		
Opening balance	5,993,106	6,224,139
Geology and geochemistry	-	2,554
Sale of Net Smelter Royalties	-	(249,506)
General expenses	-	12,281
Indirect exploration expenses <sup>(1)</sup>	-	3,638
Closing balance	5,993,106	5,993,106
<b>Total Cadillac Break Properties</b>	<b>25,935,537</b>	<b>25,650,371</b>
<b>Siscoe East JV 5(b)</b>		
Opening balance	478,404	478,404
Closing balance	478,404	478,404

**ALEXANDRIA MINERALS CORPORATION**  
**NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
(Expressed in Canadian Dollars)  
(Unaudited)  


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**Three Months Ended July 31, 2016**

**5. MINING RIGHTS AND DEFERRED EXPLORATION EXPENDITURES (Continued)**

	July 31, 2016	April 30, 2016
	\$	\$
<b>Other Quebec Properties 5(c)</b>		
Opening balance	120,511	1,323,807
Assays and maps	-	124
Geophysics	-	55,568
Geology and geochemistry	-	2,413
General expenses	784	3,511
Impairment	-	(1,267,027)
Option payments	(100,000)	-
Indirect exploration expenses <sup>(1)</sup>	137	2,115
Closing balance	21,432	120,511
<b>Manitoba Properties 5(d)</b>		
Opening balance	3,068,487	3,044,701
Geology and geochemistry	-	2,727
General expenses	-	21,059
Closing balance	3,068,487	3,068,487
<b>Ontario Properties 5(e)</b>		
Opening balance	1,487,814	1,781,284
Acquisition costs	-	30,000
Drilling	-	1,961
Geophysics	-	61,132
Geology and geochemistry	-	7,174
Option payment	-	(27,000)
Sale of mining rights	-	(370,429)
General expenses	-	3,130
Indirect exploration expenses <sup>(1)</sup>	-	562
Closing balance	1,487,814	1,487,814
<b>Subtotal</b>	<b>30,991,674</b>	<b>30,805,587</b>
<b>Plus:</b> General administration	<b>906,208</b>	<b>872,321</b>
<b>Less:</b> Quebec refundable tax credits and mining duties received	<b>(7,540,227)</b>	<b>(7,569,268)</b>
Quebec refundable tax credits and mining duties refunds receivable	<b>(442,565)</b>	<b>(413,524)</b>
<b>Total</b>	<b>23,915,090</b>	<b>23,695,116</b>

<sup>(1)</sup> The allocation is based on each property's direct exploration expenditure incurred as a percentage of total direct exploration expenditure incurred on all properties.

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**ALEXANDRIA MINERALS CORPORATION****NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS****(Expressed in Canadian Dollars)****(Unaudited)****Three Months Ended July 31, 2016**

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**5. MINING RIGHTS AND DEFERRED EXPLORATION EXPENDITURES (Continued)**

The Company has retained an interest in, through option agreement or through staking, several gold exploration properties in Manitoba, Ontario and Quebec, Canada. All properties are located in areas adjacent to past or present mines, and all have indications of gold on the surface and in the subsurface. The properties are considered to be early stage exploration properties, and there are uncertainties with regard to the discovery of economically viable ore deposits on them.

**(a) Cadillac Break Property Group**

The Cadillac Break Property consists of 21 contiguous projects located in Bourlamaque, Louvencourt and Vaquelin Townships in the Val d'Or Mining District, Quebec.

The Company holds a 100% interest in all these properties, subject to Net Smelter Royalties ("NSR") of between 1% - 2.5%, depending on the claim. A portion of these NSR's can be purchased for between \$200,000 and \$1,000,000.

During the year ended April 30, 2016, the Company sold NSRs of 1% on select claims and assigned existing royalty buy-back rights between 1% and 2% NSR on certain other claims in the Val d'Or area for proceeds of \$300,000.

The 21 properties are grouped as follows:

- Akasaba group that includes Valdora, Akasaba, Bloc Sud West, Sabourin and Annamaque/Faraday.
- Orenada group that includes Airport, Orenada, Mid-Canada, Ducros, Oramaque, Orenada Robert extension and Robert property.
- The Sleepy group that includes Block Sud Sleepy, Lourmet, Oncour, Trivio, Vaumon, Block Sud Trivio, Block Sud Trivio Extension, Dekayser and Eddy.

The Company has optioned one claim from its Airport Property in Val d'Or to Integra Goldcorp. (formerly Kalahari Resources Inc.). Alexandria retains a 2% NSR, one half of which may be purchased for \$1,000,000.

During the year ended April 30, 2014 the Company sold the mineral rights of 14 mining claims, which formed part of the Sabourin Creek and Akasaba properties, to Agnico Eagle Mines Limited ("Agnico") for gross proceeds of \$5,000,000, resulting in a gain on disposition of mining rights of \$3,029,650.

In addition to the lump sum payment of \$5,000,000, the following terms also apply to the sale:

- Alexandria has been granted a 2% NSR on any metal production after 210,000 ounces of gold have been produced;
- Agnico retains the right to purchase one-half of the royalty, or 1%, by paying the sum of \$7,000,000 to Alexandria, and retains the right of first refusal for the remaining 1% NSR;
- Agnico is responsible for the underlying (pre-existing) royalties on the claims; and
- Alexandria retains the right of first offer to re-acquire the claims following mining and reclamation for the sum of \$1.

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## ALEXANDRIA MINERALS CORPORATION

### NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Canadian Dollars)

(Unaudited)

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Three Months Ended July 31, 2016

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#### 5. MINING RIGHTS AND DEFERRED EXPLORATION EXPENDITURES (Continued)

##### (b) Siscoe East JV

(i) The Siscoe East Property, located in Dubuisson Township near Val D'Or, Quebec, is governed by an Option/Joint Venture agreements signed on June 25, 2008, between Niogold Mining Corporation ("Niogold") and Alexandria. The agreement gave Niogold the option to earn a 50% interest in the claims. As all terms have been completed, Alexandria and Niogold are deemed to have formed a Joint Venture to explore and develop the Siscoe East Property.

(ii) All claims are subject to a 2% NSR, except for certain claims which are subject to a sliding NSR payable to Virginia Mines Inc. as follows: 1) 2% NSR if gold price is less than US \$325 per ounce; 2) 2.5% NSR if gold price is between US \$325 and US \$375 per ounce; and 3) 3% NSR if gold price is more than US \$375 per ounce.

##### (c) Other Quebec Properties

Other Quebec Properties include Fancamp, Nelligan, Embry, Gwillim and other minor properties.

During the year ended April 30, 2016, the Company impaired certain other Quebec properties to a value of \$nil resulting in an impairment of mining rights and deferred exploration expenditures of \$1,267,027. The impairment was the result of the Company having no future plans to explore these properties.

On May 19, 2016, the Company announced it has signed an Option Agreement with Quinto Real Capital Corporation ("Quinto") giving Quinto the right to earn up to a 75% interest in Alexandria's Gwillim, Fancamp and Embry properties, in the Chibougamou region of Quebec.

The key terms of the agreement are as follows:

- Upon signing the agreement, Quinto will issue to Alexandria 1,000,000 Quinto common shares (received and valued at \$100,000);
- On or before May 18, 2018, Quinto will issue to Alexandria an additional 500,000 common shares;
- In order to earn the first 65% interest, Quinto must expend \$5 million on exploration activities over five years on the 3 properties;
- To earn a further 10%, for a total of 75%, Quinto must complete a pre-feasibility study compliant with National Instrument 43-101, hosting a minimum of 1,000,000 ounces of gold;
- Following Quinto's 75% Earn-In, the relationship switches to a Joint Venture, where both parties contribute a pro-rata share of operating costs;
- Alexandria retains a minimum 10% carried interest in the Joint Venture, notwithstanding the amount that Alexandria contributes to operating costs;
- Additionally, Alexandria will hold a 2% NSR in the properties.

##### Gwillim Property

The Gwillim Property is comprised of various mineral claims, located in Barlow Township, Chibougamou Mining District, Quebec, of which the Company owns 100% mineral rights. Certain of these claims are subject to a 2% NSR.

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## ALEXANDRIA MINERALS CORPORATION

### NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Canadian Dollars)

(Unaudited)

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Three Months Ended July 31, 2016

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#### 5. MINING RIGHTS AND DEFERRED EXPLORATION EXPENDITURES (Continued)

##### (c) Other Quebec Properties (Continued)

###### Fancamp

The Company owns a 100% interest in various mining claims in Fancamp and Dale Townships, Quebec, approximately 50 km SW from Chibougamau, Quebec, acquired in the acquisition of Murgor.

###### Nelligan

The Company owns a 30% interest in the property consisting of various mining claims acquired in the acquisition of Murgor. These claims are subject to a 2% NSR royalty to the original owner.

###### Embry

The Company owns a 100% interest in various mining claims located approximately 25 kilometres southwest of the town of Chibougamau, Quebec acquired in the acquisition of Murgor.

##### (d) Manitoba Properties

###### Hudvam

The Company owns a 100% interest in various mining claims located 47 kilometres east of the town of Flin Flon, Manitoba acquired in the acquisition of Murgor. The previous vendor retains a 2% NSR.

###### Wim

The Company owns 100% interest in various mining claims near the town of Snow Lake, Manitoba acquired in the acquisition of Murgor. The previous vendor retains a 2% NSR on certain mining claims.

##### (e) Ontario Properties

###### Matachewan Property

The Matachewan Property is located in Cairo and Flavelle Townships, near Matachewan, Ontario. The property consists of various mineral claims, a portion of which the Company owns 100% mineral rights, subject to a 3% NSR, and a portion of which are governed by a 50%-50% joint venture agreement with Carmax Explorations Ltd.

On March 1, 2016, the Company announced that it has signed an Option Agreement with Prosper Gold Corporation ("Prosper") giving Prosper the right to earn up to 90% interest in the Wydee and Matachewan properties, in Matachewan, Ontario.

The Option/JV agreement specifies that, in order to earn a 75% interest in both properties, Prosper will issue 750,000 shares to Alexandria (150,000 received, see note 3), and spend \$5,000,000 on exploration over 5 years on the two properties. To earn a further 15%, Prosper must prepare a resource estimate compliant with National Instrument 43-101 totaling a minimum of 1.5 million ounces of gold.

###### Mishibishu

The Company owns a 100% interest in various mining claims, acquired in the acquisition of Murgor, subject to a 2% NSR royalty, half of which may be bought back for \$500,000, a 100% interest in certain mining claims subject to a 2% NSR royalty and a 100% interest in a mining claim subject to a 1% NSR royalty.

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**Three Months Ended July 31, 2016**

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**5. MINING RIGHTS AND DEFERRED EXPLORATION EXPENDITURES (Continued)**

**(e) Ontario Properties (Continued)**

Gullrock

The Company owns a 100% interest in various mining claims, acquired in the acquisition of Murgor, subject to a 2% NSR royalty.

The Company has a 100% interest in additional claims subject to a 1.75% NSR royalty.

Wydee

The Company has a 100% interest in various claims in the Larder Lake District, Bannockburn, Hincks and Montrose Townships, Ontario acquired in the acquisition of Murgor. The previous vendor retains a 1% NSR subject to a buyback clause whereby the Company may repurchase a 0.5% NSR for \$500,000.

The Company also owns a 100% interest in various mining claims located near Matachewan, Ontario acquired in the acquisition of Murgor.

On March 1, 2016, the Company announced that it has signed an Option Agreement with Prosper. See description under Matachewan property above.

On June 1, 2016 the Company announced that it has signed a Memorandum of Understanding ("MOU") with the Matachewan First Nation ("MFN") in relation to claims Alexandria holds on its Wydee Property. The MOU strengthens the developing relationship between AZX and the Matachewan First Nation, defines procedures by which exploration programs are approved and will take place, promotes mutual respect and understanding, and establishes a protocol for any future discussions and negotiations of an Impact Benefit Agreement. As part of the MOU, Alexandria issued 50,000 shares (see note 14) as well as 50,000 options (see note 7) to the MFN.

Golden Arrow

The Company had an Exploration and Option Agreement with Victoria Gold Mines (East Timmins) Limited, acquired in the acquisition of Murgor, under which the Company had the option to acquire up to a 70% interest in the Golden Arrow Gold Mine comprising various patent mining claims and mining claims located 65 kilometres east of Timmins, Ontario of which certain mining claims were subject to a 2% NSR royalty. The Company had earned a 40% interest.

During the year ended April 30, 2016, the Company disposed of its interest in these claims in exchange for the return of 8,231,750 Alexandria common shares valued at \$370,429. The Company retained a 2% NSR royalty on these claims, one-half of which may be purchased for \$750,000 within one year or for \$1,000,000 thereafter.

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**Three Months Ended July 31, 2016**

**6. SHARE CAPITAL**

(a) Authorized capital - unlimited number of common shares

(b) Issued

	Number of shares	Stated value (\$)
<b>Balance, April 30, 2015</b>	<b>244,821,092</b>	<b>22,821,894</b>
Shares received on sale of mining rights (Note 5(e)), (i)	(8,231,750)	(370,429)
<b>Balance, July 31, 2015</b>	<b>236,589,342</b>	<b>22,451,465</b>
<b>Balance, April 30, 2016</b>	<b>268,099,342</b>	<b>24,011,988</b>
Units issued in private placement (ii)	78,060,758	5,091,258
Share issuance costs (ii)	-	(465,886)
Fair value of warrants issued (ii)	-	(1,360,198)
Flow-through premium (iii)	-	(407,613)
<b>Balance, July 31, 2016</b>	<b>346,160,100</b>	<b>26,869,549</b>

(i) The Alexandria common shares received were cancelled during the year ended April 30, 2016. The shares were valued based on the market price of the shares on the date of sale.

(ii) On June 13, 2016 and June 22, 2016, the Company closed the first and second tranche, respectively, of a non-brokered private placement.

The first tranche consisted of 10,898,500 Quebec flow-through units ("Quebec FT Units") at a price of \$0.07 per unit, for gross proceeds of \$762,895; 9,133,000 national flow-through units ("National FT Units") at a price of \$0.06 per unit, for gross proceeds of \$547,980; and 11,388,483 non-flow-through units ("Units") at a price of \$0.06 per unit, for gross proceeds of \$683,309.

The second tranche consisted of 29,862,750 Quebec FT Units at a price of \$0.07 per unit, for gross proceeds of \$2,090,393 and 16,778,025 Units at a price of \$0.06 per unit, for gross proceeds of \$1,006,682.

Each Quebec FT Unit is comprised of one flow-through common share and one-half of one common share purchase warrant (each whole warrant, a "Warrant"). Each National FT Unit will be comprised of one flow-through common share and one-half of one Warrant. Each Unit is comprised of one non-flow-through common share and one-half of one Warrant. Each whole Warrant entitles the holder, on exercise, to acquire one common share at an exercise price of \$0.10 for a period of three years. All securities issued under the private placement will be subject to a four-month hold period in accordance with applicable securities laws.

The grant date fair value of the 39,030,378 warrants of \$1,360,198 was assigned to the warrants as estimated by using the Black-Scholes valuation model with the following weighted average assumptions: expected dividend yield of 0%, expected volatility of 130.00% which is based on historical volatility, risk-free rate of return of 0.57% and an expected maturity of 3 years.

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**Three Months Ended July 31, 2016**

**6. SHARE CAPITAL (Continued)**

(b) Issued (continued)

(ii) (continued) In addition, the Company paid total finder's fees of \$274,791 and issued 4,073,274 finder's warrants, with each such warrant exercisable to acquire one common share at a price of \$0.06 for 3 years. The grant date fair value of the 4,073,274 warrants of \$164,560 was assigned to the warrants as estimated by using the Black-Scholes valuation model with the following weighted average assumptions: expected dividend yield of 0%, expected volatility of 131.05% which is based on historical volatility, risk-free rate of return of 0.60% and an expected maturity of 3 years.

(iii) The flow-through units issued in the non-brokered private placement closed on June 13, 2016 and June 22, 2016 were issued at a premium to the market price in recognition of the tax benefits accruing to subscribers. The flow-through premium was calculated to be \$407,613.

The flow-through premium is derecognized through income as the eligible expenditures are incurred. For the three months ended July 31, 2016, the Company satisfied approximately \$37,059 of the commitment by incurring eligible expenditures of approximately \$309,229 and as a result the flow-through premium has been reduced to \$370,554.

**7. STOCK OPTIONS**

The following table reflects the continuity of stock options for the three months ended July 31, 2016 and 2015:

	Number of stock options	Weighted average exercise price (\$)
<b>Balance, April 30, 2015</b>	12,878,002	0.11
Granted (i)	200,000	0.10
<b>Balance, July 31, 2015</b>	<b>13,078,002</b>	<b>0.11</b>
<b>Balance, April 30, 2016</b>	10,750,000	0.07
Granted (ii)	50,000	0.10
<b>Balance, July 31, 2016</b>	<b>10,800,000</b>	<b>0.07</b>

(i) On July 20, 2015, the Company issued 200,000 incentive stock options to a consultant of the Company with an exercise price of \$0.10 and expiring July 20, 2020. The incentive stock options vested immediately.

For the purpose of the 200,000 incentive stock options, the fair value of \$4,260 was estimated on the date of grant using the Black-Scholes option valuation model with the following assumptions: expected dividend yield of 0%; risk-free interest rate of 0.71%; expected average life of five years; and expected volatility of 122.63%.

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**Three Months Ended July 31, 2016**

**7. STOCK OPTIONS (Continued)**

(ii) On July 18, 2016 the Company issued 50,000 incentive stock options to MFN with an exercise price of \$0.10 and expiring July 20, 2019. The incentive stock options vested 1/4 immediately and in three equal parts every six months thereafter.

For the purpose of the 50,000 incentive stock options, the fair value of \$3,290 was estimated on the date of grant using the Black-Scholes option valuation model with the following assumptions: expected dividend yield of 0%; risk-free interest rate of 0.55%; expected average life of three years; and expected volatility of 130.66%.

The following table reflects the actual stock options issued and outstanding as of July 31, 2016:

Expiry date	Options outstanding			Options exercisable	
	Number of options	Weighted average remaining contractual life (years)	Weighted average exercise price (\$)	Number of options	Weighted average exercise price (\$)
March 7, 2019	4,430,000	2.60	0.10	4,430,000	0.10
July 20, 2019	50,000	2.85	0.10	12,500	0.10
August 29, 2019	250,000	3.08	0.10	250,000	0.10
July 20, 2020	200,000	3.97	0.10	200,000	0.10
December 21, 2020	5,870,000	4.39	0.05	1,956,667	0.05
	10,800,000	3.63	0.07	6,849,167	0.09

**8. WARRANTS**

The following table summarizes warrants that have been issued, exercised or have expired in each of the periods presented:

	Number of warrants	Fair value (\$)
<b>Balance, April 30, 2015 and July 31, 2015</b>	<b>2,500,000</b>	<b>40,700</b>
<b>Balance, April 30, 2016</b>	-	-
Warrants issued on private placement (Note 6(b)(ii))	39,030,378	1,360,198
Finder's warrants issued on private placement (Note 6(b)(ii))	4,073,274	164,560
<b>Balance, July 31, 2016</b>	<b>43,103,652</b>	<b>1,524,758</b>

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**Three Months Ended July 31, 2016**

**8. WARRANTS (Continued)**

As at July 31, 2016, the following warrants were outstanding. The warrants entitle the holders to purchase the stated number of common shares at the exercise price on or before the expiry date:

Fair value (\$)	Expiry date	Number of warrants	Exercise price (\$)
509,004	June 13, 2019	15,709,991	0.10
851,194	June 20, 2019	23,320,387	0.10
164,560	June 20, 2019	4,073,274	0.06
<b>1,524,758</b>		<b>43,103,652</b>	

**9. BASIC AND DILUTED LOSS PER SHARE**

The following table sets forth the computation of basic and diluted loss per share:

	Three Months Ended July 31, 2016	Three Months Ended July 31, 2015
Numerator:		
Net loss for the period	\$ (441,041)	\$ (170,329)
Numerator for basic and diluted loss per share	\$ (441,041)	\$ (170,329)
Denominator:		
Weighted average number of common shares	306,126,426	241,510,497
Denominator for basic loss per share	306,126,426	241,510,497
Denominator for diluted loss per share	306,126,426	241,510,497
Basic and diluted loss per share	\$ (0.00)	\$ (0.00)

The stock options and warrants were not included in the computation of diluted loss per share for three months ended July 31, 2016 and 2015 because their inclusion would be anti-dilutive.

**10. RELATED PARTY TRANSACTIONS AND BALANCES**

Related party transactions reflected below are in the normal course of operations and were made on terms equivalent to those that prevail in arm's length transactions as agreed to by the parties, and approved by the Board of Directors in strict adherence to conflict of interest laws and regulations.

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**10. RELATED PARTY TRANSACTIONS AND BALANCES (Continued)**

The following transactions were carried out with related parties:

a) Purchase of services:

The following schedule shows expenses incurred during the three months ended July 31, 2016 and 2015 with these companies.

	<b>Three Months Ended July 31, 2016</b>	Three Months Ended July 31, 2015
Baker Creek Management (i)	\$ 50,000	\$ 50,000
Finterra Consulting Inc. (ii)	25,200	35,625
	<b>\$ 75,200</b>	<b>\$ 85,625</b>

The following schedule shows the allocation of the expenses noted in the table above:

	<b>Three Months Ended July 31, 2016</b>	Three Months Ended July 31, 2015
Management fees	<b>\$ 75,200</b>	<b>\$ 85,625</b>

(i) During the three months ended July 31, 2016 and 2015, the Company paid management fees to Baker Creek Management, a company related to the Chief Executive Officer ("CEO") of the Company.

(ii) During the three months ended July 31, 2016 and 2015, the Company paid management fees to Finterra Consulting Inc., a company controlled by the Chief Financial Officer ("CFO") of the Company and expenses are included in management fees.

b) Key management compensation:

Key management includes directors (executive and non-executive), and senior officers (CEO, CFO, Vice President Exploration and VP Corporate Development). The compensation paid or payable to key management for employment services, in addition to the ones described under 10(a), is shown below:

	<b>Three Months Ended July 31, 2016</b>	Three Months Ended July 31, 2015
Salaries and fees	\$ 41,250	\$ 41,250
Director fees	\$ 40,333	\$ 7,625
Share-based payments	\$ 11,467	\$ -

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**Three Months Ended July 31, 2016**

**10. RELATED PARTY TRANSACTIONS AND BALANCES (Continued)**

c) Period end balances owed to related parties included in accounts payable and accrued liabilities:

	July 31, 2016	April 30, 2016
Baker Creek Management	\$ 4,140	\$ 4,140
Finterra Consulting Inc.	-	13,857
	<b>\$ 4,140</b>	<b>\$ 17,997</b>

d) Insider shareholdings:

To the knowledge of the directors and executive officers of the Company, the common shares of the Company are widely held. As of July 31, 2016, directors and officers with control of less than 10% of the common shares of the Company collectively controlled 4,013,810 common shares of the Company or approximately 1% of the total common shares outstanding.

d) Advances:

During the year ended April 30, 2016, the Company advanced \$30,500 to Folkstone Capital Corporation, a capital pool company of which certain directors and officers of the Company are shareholders. The advance balance has no terms of repayment.

**11. SEGMENTED INFORMATION**

The Company's operations comprise a single reporting operating segment engaged in mineral exploration in Canada. As the operations comprise a single reporting segment, amounts disclosed in the unaudited condensed interim consolidated financial statements as loss for the period also represent segment amounts. All of the Company's operations and assets are located in Canada.

**12. COMMITMENTS**

- (i) The Company is obligated under an operating lease for rental of office space in Toronto, Ontario in the amount of \$11,323 per month expiring October 31, 2021.
- (ii) The Company is obligated under an operating lease for rental of office space in Val-d'Or, Quebec, in the amount of \$3,600 per month expiring March 31, 2017.
- (iii) The Company is obligated under an operating lease for rental of one vehicle in the amount of \$650 per month expiring March 17, 2017.
- (iv) As of July 31, 2016 the Company is required, in the event of a change in control, to compensate certain individuals as follows:
  - (a) Eric Owens/Baker Creek Management (CEO) \$400,000
  - (b) Mario Miranda/Finterra Consulting Inc. (CFO) \$270,000
  - (c) Mary Vorvis (VP Business Development) \$330,000

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**12. COMMITMENTS (Continued)**

- (v) As a result of the acquisition of Murgor, the Company is obligated to monthly payments of \$19,743 to the former CEO of Murgor until August 2016. The value of the indemnity liability on acquisition was determined using the present value of the monthly payments, discounted at 15%, being management's best estimate of the interest rate the Company could obtain. Accretion charges attributed to the indemnity liability during the three months ended July 31, 2016 are \$2,700 (July 31, 2015 - \$10,088) and were included in office and general in the condensed interim consolidated statements of loss.
- (vi) The Company is required to incur qualifying expenditures of approximately \$3,401,268 no later than December 31, 2017 as a result of the flow-through units issued (Note 6 (ii)). As well, the Company will be required to incur an additional \$18,675 of qualifying expenditures due to Quebec refundable tax credits to be received.

**13. CONTINGENCY**

During the year ended April 30, 2015 the Company received a reassessment of its refundable tax credits claimed for fiscal years 2010, 2011, and 2012. Certain amounts of the reassessment, which totals \$848,704 including accrued interest, being appealed by the Company. The outcome of this appeal is uncertain at this point in time. The Company has accrued approximately \$691,000 as the estimated repayment of the refundable tax credits, based on Management's review of the denied expenses, and an estimated accrued tax credit receivable of approximately \$990,000 for the years ended April 30, 2016 and 2015 based on the expenses incurred in the years ended April 30, 2016 and 2015.

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Year ended April 30, 2015 receivable (actual)	\$ 889,879
Year ended April 30, 2016 receivable (estimate)	100,209
Estimated liability <sup>(1)</sup>	(547,523)

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Quebec refundable tax credits and mining duties refund receivable	\$ 442,565
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(1) During the three months ended July 31, 2016, Revenu Quebec applied a QST refund that was due to the Company of \$29,041 (year ended April 30 2016 - \$114,617) against the amount owing for the reassessment and therefore reducing the total liability by that amount.

**14. SUBSEQUENT EVENTS**

Subsequent to July 31, 2016, the Company issued 50,000 common shares to MFN as part of the MOU signed on its Wydee Property (see note 5(e)).