



**WEST RED LAKE**  
GOLD MINES INC

**Management Discussion and Analysis -  
Quarterly Highlights**

**December 31, 2016**

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**WEST RED LAKE GOLD MINES INC.**  
**MANAGEMENT DISCUSSION & ANALYSIS – QUARTERLY HIGHLIGHTS**  
**December 31, 2016**

*This Management Discussion and Analysis (“MD&A”) of West Red Lake Gold Mines Inc. (“West Red Lake”, “RLG” or the “Company”) is dated February 23, 2017. This MD&A has been prepared to provide material updates to the business operations, liquidity and capital resources of the Corporation since its last management discussion & analysis, being the Management Discussion & Analysis (“Annual MD&A”) for the fiscal year ended September 30, 2016. This MD&A does not provide a general update to the Annual MD&A, or reflect any non-material events since the date of the Annual MD&A. The Board of Directors carries out its responsibility for review of this disclosure principally through its audit committee. The audit committee reviews this disclosure and recommends its approval to the Board of Directors.*

*This MD&A has been prepared in compliance with the requirements of section 2.2.1 of Form 51-102F1, in accordance with National Instrument 51-102 – Continuous Disclosure Obligations. This discussion should be read in conjunction with Annual MD&A, the audited annual financial statements of the Company for the years ended September 30, 2016 and 2015 and the unaudited condensed interim financial statements for the three months ended December 31, 2016, together with the notes thereto. All amounts are in Canadian dollars unless otherwise specified.*

*The unaudited condensed interim financial statements for the three ended December 31, 2016, have been prepared using accounting policies consistent with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board and interpretations of the IFRS Interpretations Committee. The unaudited condensed interim financial statements have been prepared in accordance with International Standard 34, Interim Financial Reporting.*

*The unaudited condensed interim financial statements for the three ended December 31, 2016, the audited annual financial statements for the years ended September 30, 2016 and 2015, the Annual MD&A and additional information, including the Company’s Certifications of Annual and Interim Filings and news releases, are available on the Canadian System for Electronic Document Analysis and Retrieval (SEDAR) at [www.sedar.com](http://www.sedar.com).*

This MD&A contains certain forward-looking information and forward-looking statements, as defined in applicable securities laws (collectively referred to herein as “forward-looking statements”). These statements relate to future events or the Company’s future performance. All statements other than statements of historical fact are forward-looking statements. Often, but not always, forward-looking statements can be identified by the use of words such as “plans”, “expects”, “is expected”, “budget”, “scheduled”, “estimates”, “continues”, “forecasts”, “projects”, “predicts”, “intends”, “anticipates” or “believes”, or variations of, or the negatives of, such words and phrases, or statements that certain actions, events or results “may”, “could”, “would”, “should”, “might” or “will” be taken, occur or be achieved. Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results to differ materially from those anticipated in such forward-looking statements. The forward-looking statements in this MD&A speak only as of the date of this MD&A or as of the date specified in such statement. The following table outlines certain significant forward-looking statements contained in this MD&A and provides the material assumptions used to develop such forward-looking statements and material risk factors that could cause actual results to differ materially from the forward looking statements.

Forward-looking statements	Assumptions	Risk factors
Potential of the Company's properties to contain economic deposits of gold and/or other metals	Financing will be available for future exploration and development of the Company's properties; the actual results of the Company's exploration and development activities will be favourable; operating, exploration and development costs will not exceed the Company's expectations; the Company will be able to retain and attract skilled staff; all requisite regulatory and governmental approvals for exploration projects and other operations will be received on a timely basis upon terms acceptable to the Company, and applicable political and economic conditions are favourable to the Company; the price of gold and/or other applicable metals and applicable interest and exchange rates will be favourable to the Company; no title disputes exist with respect to the Company's properties	Gold price volatility; uncertainties involved in interpreting geological data and confirming title to acquired properties; the possibility that future exploration results will not be consistent with the Company's expectations; availability of financing for and actual results of the Company's exploration and development activities; increases in costs; environmental compliance and changes in environmental and other local legislation and regulation; interest rate and exchange rate fluctuations; changes in economic and political conditions; the Company's ability to retain and attract skilled staff
<p>The Company's ability to meet its working capital needs at the current level for the twelve-month period ending December 31, 2017 and beyond</p> <p>The Company expects to incur further losses in the development of its business</p>	The operating and exploration activities of the Company for the twelve-month period ending December 31, 2017 and beyond, and the costs associated therewith, will be consistent with the Company's current expectations; debt and equity markets, exchange and interest rates and other applicable economic conditions are favourable to the Company	Changes in debt and equity markets; timing and availability of external financing on acceptable terms; changes in the operations currently planned; increases in costs; environmental compliance and changes in environmental and other local legislation and regulation; interest rate and exchange rate fluctuations; changes in economic conditions
The Company's ability to carry out anticipated exploration on its property interests	The exploration activities of the Company for the twelve-month period ended December 31, 2017, and the costs associated therewith, will be consistent with the Company's current expectations; debt and equity	Changes in debt and equity markets; timing and availability of external financing on acceptable terms; increases in costs; environmental compliance and changes in environmental and other local legislation and

	markets, exchange and interest rates and other applicable economic conditions are favourable to the Company	regulation; interest rate and exchange rate fluctuations; changes in economic conditions; receipt of applicable permits
Plans, costs, timing and capital for future exploration and development of the Company's property interests, including the costs and potential impact of complying with existing and proposed laws and regulations	Financing will be available for the Company's exploration and development activities and the results thereof will be favourable; actual operating and exploration costs will be consistent with the Company's current expectations; the Company will be able to retain and attract skilled staff; all applicable regulatory and governmental approvals for exploration projects and other operations will be received on a timely basis upon terms acceptable to the Company; the Company will not be adversely affected by market competition; debt and equity markets, exchange and interest rates and other applicable economic and political conditions are favourable to the Company; the price of gold and/or other applicable metals will be favourable to the Company; no title disputes exist with respect to the Company's properties	Gold price volatility, changes in debt and equity markets; timing and availability of external financing on acceptable terms; the uncertainties involved in interpreting geological data and confirming title to acquired properties; the possibility that future exploration results will not be consistent with the Company's expectations; increases in costs; environmental compliance and changes in environmental and other local legislation and regulation; interest rate and exchange rate fluctuations; changes in economic and political conditions; failure to incur qualified expenditures for certain tax credits; the Company's ability to retain and attract skilled staff
Management's outlook regarding future trends, including the future price of gold and availability of future financing	Financing will be available for the Company's exploration and operating activities; the price of gold and/or other applicable metals will be favourable to the Company	Gold price volatility; changes in debt and equity markets; interest rate and exchange rate fluctuations; changes in economic and political conditions
Sensitivity analysis of financial instruments	Interest rates will not be subject to change in excess of plus or minus 1% based on management's knowledge and experience of the financial markets, the Company believes that there would be no material changes to its results for the twelve-month period ended December 31, 2017, as a result	Changes in interest rates and exchange rate fluctuations

	of changes in foreign exchange rates	
Prices and price volatility for gold	The price of gold will be favourable; debt and equity markets, interest and exchange rates and other economic factors which may impact the price of gold will be favourable	Changes in debt and equity markets and the spot price of gold; interest rate and exchange rate fluctuations; changes in economic and political conditions

Inherent in forward-looking statements are risks, uncertainties and other factors beyond the Company's ability to predict or control. Please also make reference to those risk factors referenced in the "Risk Factors" section below. Readers are cautioned that the above chart does not contain an exhaustive list of the factors or assumptions that may affect the forward-looking statements, and that the assumptions underlying such statements may prove to be incorrect. Actual results and developments are likely to differ, and may differ materially, from those expressed or implied by the forward-looking statements contained in this MD&A.

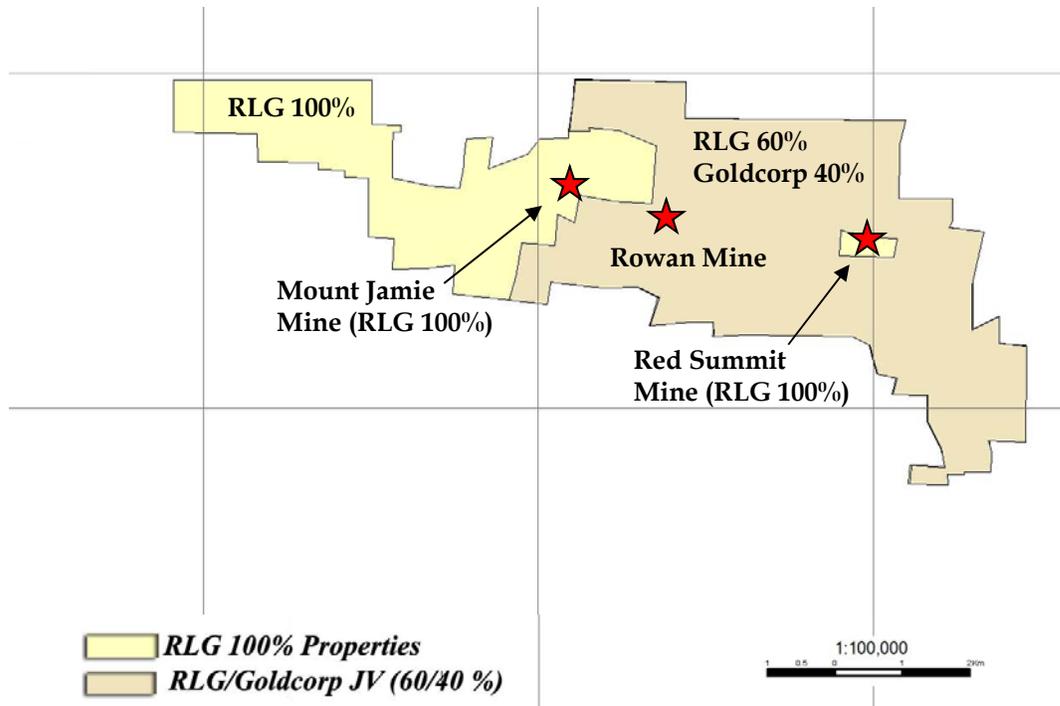
Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the Company's actual results, performance or achievements to be materially different from any of its future results, performance or achievements expressed or implied by forward-looking statements. All forward-looking statements herein are qualified by this cautionary statement. Accordingly, readers should not place undue reliance on forward-looking statements. The Company undertakes no obligation to update publicly or otherwise revise any forward-looking statements whether as a result of new information or future events or otherwise, except as may be required by law. If the Company does update one or more forward-looking statements, no inference should be drawn that it will make additional updates with respect to those or other forward-looking statements, unless required by law.

## OVERVIEW

West Red Lake is focused on exploring and developing potential gold resources at its 3100 hectare West Red Lake Project property situated 20km west of some of the highest grade gold mines in Canada. With three former gold mines in the prolific Red Lake Gold District, the West Red Lake Project is situated on the Pipestone Bay St Paul Deformation Zone which strikes east-west across the 12km property and then continues east towards the town of Red Lake, Ontario. The Mount Jamie Mine property, Rowan Mine property and Red Summit Mine property are situated on this major regional geological structure and present the Company with a 12km long exploration horizon in a safe and mine-friendly jurisdiction.

The Company's geological database on the West Red Lake Project property provides West Red Lake with attractive targets for ongoing exploration and development drilling programs. Significant opportunity exists for expansion of the Company's gold mineral inventory.

The Company continues to pursue its option and acquisition strategy, including previous transactions with mine operators in the Red Lake Gold District including Pure Gold Mining, Premier Gold Mines, Rubicon Minerals and Goldcorp's Red Lake Gold Mines. Goldcorp produces nearly 400,000 ounces of gold annually in Red Lake. Goldcorp is the Company's joint venture partner in the Rowan Mine property.



### Principal Business and Corporate History

West Red Lake is a Toronto based company listed on the Canadian Securities Exchange (CSE: RLG), the OTCQB (OTCQB: RLGMF) and the Frankfurt Stock Exchange (FWB: HYK) and is focused on gold exploration and development in the prolific Red Lake Gold District of Northwestern Ontario, Canada. The Red Lake Gold District is host to some of the highest grade gold deposits in the world and has produced over 30 million ounces of gold from high grade zones, including 18 million ounces from the Goldcorp operated Campbell, Cochenour, and Red Lake Mines which are situated 20km east of the Company property, the West Red Lake Project.

The financial condition of the Company is affected by various factors, including operating costs, interest rates, regulatory and environmental compliance, general and administrative costs, the level of exploration and development expenditures and other discretionary costs. While West Red Lake seeks to manage the level of risk associated with its business, many of the factors affecting these risks are beyond the Company's control.

### Exploration Plans

Exploration is anticipated to be oriented to two areas on the Rowan Mine property, extending the zones to depth and along strike on the Rowan Mine zones and exploration drilling at the Structural Intersection located 1km east of the Rowan Mine zone.

The next phase of drilling on the property commenced in January 2017. This drilling is focused on expanding the eastern portion of the Rowan Mine to depth and along strike from the positive drill results reported on February 6, 2015 which included 29.97 gpt Au over 4.0 m and 162.0 gpt Au over 1.50 m. Additional drilling is also planned to target the western extension of the Rowan Mine zones.

## Recent Project Developments

### Fiscal 2016

The purpose of the November 2015 drill program was to explore the east-west trending regional geological structure known as the Pipestone Bay St Paul Deformation Zone further to the east of the established Rowan Mine Gold System where exploration drilling took place in the previous year. The program traced the geological structure to the east of the Rowan Mine Gold System with the purpose of identifying potential exploration targets. The Company drilled six holes with a total 1657 metres drilled. The six holes were located along the east-west trending geological strike.

The first five holes intercepted gold values in the steeply dipping regional deformation structure. The sixth and most easterly hole (RLG 15-24) provided the best result of 69.55gpt over 1.5m and was drilled into the western end of the alteration associated with the Structural Intersection. The intercept was at 297.0m – 298.5m down the hole which was drilled to the north at a -45 degree dip. The sixth hole showed significantly increased thickness of silicification within the mafic host rock along with increased thickness of ultramafics, sediments (including iron formation), and porphyry rocks.

The Structural Intersection of the two regional structures is interpreted to have altered a portion of the east-west trending regional structure over a distance of up to 1500m with hole RLG 15-24 situated at the western end, and the Red Summit Mine located near the eastern end of this 1500m long favourable exploration horizon.

The exploration horizon begins at hole RLG 15-24 and continues east for 450m to the edge of the Structural Intersection. The Structural Intersection itself is approximately 300m wide. A significant volume of porphyry rock is present on the east side of the Structural Intersection where the east-west regional structure continues and trends east for an additional 750m towards the Red Summit Mine.

The Structural Intersection of the two regional structures containing ultramafics as well as iron rich sediments and volcanics creates the potential for significant gold deposition in the geological folds and fractures which typically occur in association with the intersection of geological structures, similar to gold mineralization seen at productive mines in Red Lake.

The six holes RLG 15-19, 20, 21, 22, 23 and 24 were drilled to the north into the east-west trending regional structure known as the Pipestone Bay St Paul Deformation Zone (the “PBS Zone”). The initial five holes traced the structure eastwards towards where the north-east trending Golden Arm Structure intersects with the PBS Zone - the Structural Intersection. The sixth hole RLG 15-24 was drilled into the western end of the alteration associated with the Structural Intersection.

Hole RLG 15-24 intersected intercalated volcanic rock units consisting of argillaceous graphites, feldspar porphyries and QFP along with cherty banded iron formations carrying sulphides. Silicification or quartz veining with gold values occurred close to lithological contacts.

In addition to the high grade intercept grading 69.55gpt over 1.5m at 297m to 298.5m down hole, there are three additional zones with widths of 2.8m, 1.2m and 2.5m between 230m and 248m down hole RLG 15-24.

On February 18, 2016, the Company filed a NI 43-101 technical report on the 3100 hectare West Red Lake Project.

Beginning early June 2016, the Company commenced drilling to follow up on the recent result of 69.55 grams over 1.50 metres from RLG Hole 15-24. The purpose of the early stage exploration drill

program was to identify and follow east-west trending gold zones eastwards to the intersection of two regional gold bearing structures, referred to as the Structural Intersection. The intersection of two regional structures creates potential for significant gold deposition in the geological folds and fractures which typically occur in association with such an intersection.

Drilling started in the area of Hole RLG 15-24 and successive drill holes moved progressively to the east over a distance of approximately 700 metres.

Beginning early June 2016, the Company drilled 2365 metres in eight holes consisting of seven new holes plus the extension of Hole RLG 15-24. The drill holes followed the Pipestone Bay St Paul Deformation Zone (the "PBS Zone") to the east towards the intersection with the NT Zone. The final drill hole intercepted a rock unit with good mineralization and alteration that appears to be similar to the NT Zone, and could be the NT Zone wrapped around the north side of the PBS Zone, at the location where a Hinge Zone has been interpreted to occur.

The best results are from Hole RLG-16-31 which included 50.41 grams of gold per tonne over 1.50 metres and 22.72 grams of gold per tonne over 1.50 metres. See September 8, 2016 press release for full drill results. The final drill hole, RLG-16-31, which contained the high grade gold intersected a highly silicified, clastic/brecciated, volcanoclastic unit. The alteration appears to be similar to the alteration in the NT Zone. This gold bearing rock unit was identified and targeted by the Stargate II System provided by Earth Science Services Corp using Ultra-Sonic AMT technology and the design of Hole RLG 16-31 was provided by the same. Hole RLG 16-31 was drilled west to east into the NT Zone and was located near the northern limit of the Structural Intersection area.

The Stargate II System has also identified additional drill targets where the PBS Zone, the NT Zone and the Golden Arm Structure are interpreted to converge. The north-east trending Golden Arm Structure is situated immediately east of the NT Zone. The Golden Arm Structure is interpreted to contain a north east trending structural anticline, a geological fold structure with potential for gold deposition.

In September 2016, the Company completed 2811 metres of drilling in eight holes. Six holes tested the down dip extension of the Rowan Mine Zones and two holes further tested the potential of the Structural Intersection area. None of the holes were targeted using the Ultra Sonic AMT system. Earth Sciences Services has provided the Company with three proposed holes into the southeastern portion of the Structural Intersection area. The southeastern portion of this target area is covered by crown claims and the Company is applying to the Ministry of Northern Development and Mines for a drill permit for the area of the crown claims.

Highlights include (see full details in December 6, 2016 press release):

#### **Structural Intersection**

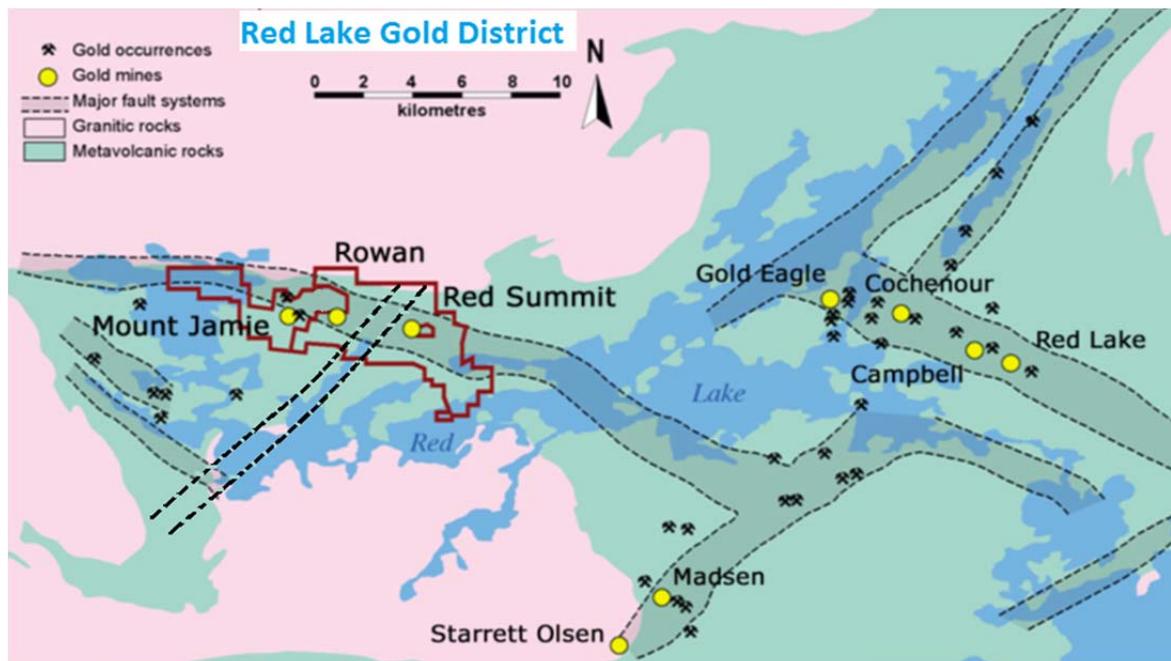
- 26.85 grams per tonne of gold ("gpt Au") over 1.00 metre ("m")

#### **Rowan Mine**

- 8.74 gpt Au over 3.50 m, including 23.01 gpt Au over 1.00 m
- 8.97 gpt Au over 1.20 m
- 1.88 gpt Au over 12.3 m, including 24.23 gpt Au over 0.50 m
- 11.66 gpt Au over 1.10 m

The six holes at the Rowan Mine were designed to expand the western half of the Rowan Mine resource to depth. Five of the holes were drilled to depths ranging between 250 and 400 metres below surface and the sixth hole was drilled to a depth of approximately 100 m. The intercepts are 50 to 100 metres below previous intercepts in their vicinity within the Rowan Mine Zones. The Two

holes were drilled on the west side of the Structural Intersection area and to the south of the location of hole RLG 16-31.



*Exploration on all of the Company's projects is conducted under the supervision of Kenneth Guy, P.Geo, a Qualified Person as defined under National Instrument 43-101. Mr. Guy has read and approved the technical and scientific information contained in this MD&A. Disclosure on mineralization on adjacent properties has not been verified by Mr. Guy and is not necessarily indicative of the Company's anticipated results. Where provided, potential quantity and grade is conceptual in nature as the Company has not conducted sufficient exploration to define resources and it is uncertain if further exploration will result in the target being delineated as a mineral resource.*

### Recent Corporate Developments

(i) In December 2016, the Company completed a non-brokered private placement of 4,262,500 flow-through units at \$0.20 per unit for aggregated gross proceeds of \$852,500. Each flow-through unit consists of one flow-through common share and one-half of a common share purchase warrant. Each full warrant entitles its holder to purchase one common share at an exercise price of \$0.35 per share for a period of 18 months from the date of issuance. In connection with the financing, the Company paid finders' fees of \$58,135 in cash.

(ii) In December 2016, the Company issued 771,776 common shares at a deemed price of \$0.20 per share for \$154,355 of services to the Company by several providers and granted a total of 350,000 options to consultants at an exercise price of \$0.20 per share for a term of three years.

(iii) In December 2016, the Company received a reimbursement of Rowan expenditures of \$325,678 from its joint venture partner.

(iv) In February 2017, 760,000 warrants were exercised for proceeds of \$76,000.

## RESOURCE PROPERTIES

The Company's properties are as follows:

The 3100 hectare West Red Lake Project consists of three contiguous properties located in Red Lake Mining Division, District of Kenora (Patricia Portion), Northwestern Ontario. The West Red Lake Project is 20km west of Red Lake, Ontario, 250k northeast of Winnipeg, Manitoba, 150km north northwest of Dryden, Ontario and 430km northwest of Thunder Bay, Ontario. The property is part of the historic Red Lake Gold District and hosts three former gold mines - the Mount Jamie Mine, Rowan Mine, and Red Summit Mine.

### *(a) Mount Jamie Mine Property*

The Mount Jamie Mine property is comprised of 26 claims which were assembled through a series of transactions of properties that are contiguous to and include the original nine-claim Mount Jamie Mine property.

(1) In 2005, the Company entered into an option agreement to acquire a 75% interest in nine patented mining claims from Jamie Frontier Resources Inc. for \$80,000 in cash, 550,000 common shares of the Company, exploration work totaling \$1 million, and a 3% Net Smelter Royalty ("NSR").

During 2007, the Company completed the acquisition of the remaining 25% interest in the Mount Jamie Mine property for 2,000,000 common shares of the Company. The Company now has a 100% in the nine mining claims located in the Red Lake Gold District in Ontario.

(2) During 2007, the Company entered into an option agreement to earn a 100% interest in five mining claims contiguous to the east of the Mount Jamie Mine property. Total consideration for these claims consisted of cash payments of \$70,000, the issuance of 200,000 common shares of the Company and a commitment to carry out exploration work totaling \$140,000, or cash/shares in lieu of, over a four year period. In February 2012, having met all of the requirements under the option agreement, the Company exercised its option and now owns a 100% interest in the mining claims. The property is subject to a 3% NSR in favour of the vendors, with an annual advance royalty in the amount of \$10,000 plus a onetime payment of \$500,000 due on the Company completing a bankable feasibility study.

(3) During 2007, the Company entered into an option agreement to acquire a 100% interest in a six mining claim property adjacent to the Mount Jamie Mine property. The claims are contiguous to the west along strike with the Company's existing Mount Jamie Mine property. The Company issued 150,000 common shares as consideration and now owns a 100% interest in the property which is subject to a 3% NSR in favor of the vendors.

(4) During 2008, the Company entered into an option agreement with Rubicon Minerals Corporation to earn a 100% interest in four mining claims contiguous to the south of the Mount Jamie Mine property. The aggregate purchase price consisted of cash payments of \$50,000 and the issuance of 75,000 common shares. The Company now holds a 100% interest in the four mining claims, which is subject to a 2% NSR in favor of Rubicon Minerals Corporation.

(5) During 2010, the Company entered into an option agreement to earn a 100% interest in two mining claims contiguous to the east of the Mount Jamie Mine property. The aggregate purchase price consists of cash payments of \$125,000, the issuance of 100,000 common shares of the Company over a four year period to 2014. Payments to date under the original option amounted to \$85,000 cash and 100,000 common shares. The property is subject to a 2% NSR in favor of Rubicon Minerals Corporation. On November 24, 2014, the Company amended the

option agreement to change the remaining cash commitment of \$40,000 for the year ending September 30, 2015 into two payments with each consisting of \$11,000 and 250,000 common shares on December 31, 2014 (paid and issued) and December 31, 2015 (paid and issued), respectively.

**(b) Rowan Mine Property**

(1) During 2008, the Company entered into an Option and Joint Venture Agreement with Red Lake Gold Mines ("RLGM"), related to RLGM's 117 claim, 2,187 hectare Rowan Mine property, which is contiguous to the east of the Mount Jamie Mine property.

During fiscal 2011, the Company met the requisite exploration expenditures of \$2,500,000 on the Rowan Mine property and exercised its option to acquire a 60% joint venture ownership interest in the property. RLGM advised the Company that it did not intend to exercise the Option Back-In Right to purchase a 20% interest in the property for \$5,000,000. Accordingly, the Company issued 1,000,000 common shares in favour of RLGM, with a fair value of \$340,000.

Subsequent to the formation of the joint venture, RLGM has a joint venture back-in right to purchase 11% interest in the property from the Company, within 90 days of the joint venture expending \$5,000,000 on operations, for \$7,000,000. If RLGM exercises the joint venture back-in right, it will thereafter have a 51% joint venture interest and the Company will have a 49% joint venture interest in the Rowan Mine property.

The property is subject to a 2% NSR.

(2) During 2008, the Company entered into an option agreement with Claude Resources Inc. to earn a 100% interest in two patented mining claims containing the former Red Summit Mine and surrounded by the Rowan Mine property. Total consideration for the claims included a cash payment of \$25,000 plus work commitments of \$100,000. The Company has made the cash payment and completed its work commitments. The mining claims have been transferred into the name of the Company.

The property is subject to a 3% NSR.

**Project Expenditures**

	Mount Jamie	Rowan	Red Summit	Total
<b>Balance at September 30, 2016</b>	<b>\$5,357,880</b>	<b>\$5,282,700</b>	<b>\$653,665</b>	<b>\$11,294,245</b>
Assays	-	8,215	-	8,215
Consulting	16,350	42,109	-	58,459
Supplies and camp costs	538	5,309	-	5,847
Reimbursements	-	(325,678)	-	(325,678)
<b>Balance at December 31, 2016</b>	<b>\$5,374,768</b>	<b>\$5,012,655</b>	<b>\$653,665</b>	<b>\$11,041,088</b>

**RESULTS OF OPERATIONS**

**Three months ended December 31, 2016, compared with three months ended December 31, 2015**

The Company has no revenue or operating cash flow. For the three months ended December 31, 2016, the Company's net loss and comprehensive loss amounted to \$607,602 versus a net income and comprehensive income of \$31,569 for the three months ended December 31, 2015.

The difference is primarily attributable to:

- Marketing, investor relations and travel and entertainment increased by a total of \$413,871 for the three months ended December 31, 2016. The increase fees related to the use of consultants as well as increased costs related to trade shows and other promotional expenses. A significant portion of these fees were settled in shares and going forward will continue to be settled in shares as agreed to by the consultants.
- Share-based payments were \$56,000 for the three months ended December 31, 2016 versus \$nil in the prior period. The increase related to the issuance of 350,000 stock options in the current period to consultants and service providers.
- All other expenses related to general working capital purposes and have increased due to the increased activity of the Company.

## **LIQUIDITY AND CAPITAL RESOURCES**

The Company had a working capital of \$1,592,563, as at December 31, 2016 (September 30, 2016 - \$948,113).

Though the Company has sufficient working capital to carry out the planned exploration and pay for administrative costs for fiscal 2017, the Company will need to continue to raise additional amounts to advance its exploration program. There is no assurance that such additional financing will be available as required, or under favourable terms. During the three months ended December 31, 2016, the Company raised additional financing through a non-brokered private placement of flow-through units for aggregated gross proceeds of \$852,500. As well, subsequent to December 31, 2016, 760,000 warrants were exercised for total proceeds of \$76,000. See "*Recent Corporate Developments*" section above.

### **Commitments:**

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

## **ENVIRONMENTAL LIABILITIES**

The Company is not aware of any environmental liabilities, obligations or responsibilities associated with the Company's mining interests.

## **OTHER BUSINESS TRANSACTIONS**

### **Related Party Transactions**

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

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

Related Party	Three months ended December 31,	
	2016 (\$)	2015 (\$)
Marrelli Support Services Inc. - Daniel Crandall, Director and CFO (former)	5,546	4,950
Thomas W. Meredith - Executive Chairman	22,500	15,000
John Kontak - President	30,000	15,000
John Heslop, Director	7,500	-
Michael Dehn, Director	2,500	-
<b>Total</b>	<b>68,046</b>	<b>34,950</b>

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

Accounts payable and accrued liabilities at December 31, 2016 includes \$50,606 (September 30, 2016 - \$40,836) owing to officers, directors and companies controlled by officers and directors as follows:

Related Party	As at December 31, 2016 (\$)	As at September 30, 2016 (\$)
Marrelli Support Services Inc. - Daniel Crandall, Director and CFO (former)	5,856	6,086
Thomas W. Meredith, Executive Chairman	15,000	20,000
John Kontak, President	19,750	9,750
John Heslop, Director	10,000	2,500
Michael Dehn, Director	-	2,500
<b>Total</b>	<b>50,606</b>	<b>40,836</b>

On December 31, 2014, the Company issued 800,000 common shares with a fair value of \$28,000 for balances owing for services from an officer (John Kontak) of the Company.

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

An officer and director (John Kontak) purchased an aggregate of 100,000 flow-through units in the December 2016 private placement.

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

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

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

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

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

#### **Off-Balance Sheet Transactions**

The Company has not entered into any off-balance sheet arrangements.

#### **Proposed Transactions**

As is typical of the minerals exploration and development industry, the Company continues to review property and competitor company information in search of future opportunities in terms of new property acquisitions and business partnerships. Although no transactions are in progress currently, the Company endeavours to continue research into potential opportunities, and to keep business relationships open should opportunities arise.

#### **RISK FACTORS**

West Red Lake's business of exploring mineral resources involves a variety of operational, financial and regulatory risks that are typical in the natural resource industry. In addition to considering the information disclosed in the financial statements and in the other publicly filed documentation regarding the Company available at [www.sedar.com](http://www.sedar.com), the reader should carefully consider the following information. Any of these risk elements could have material adverse effects on the business of the Company. The Company attempts to mitigate these risks and minimize their effect on its financial performance, but there is no guarantee that the Company will be profitable in the future, and West Red Lake common shares should be considered speculative.