

EnerSpar Corp. (formerly Walmer Capital Corp.)

Condensed Interim Financial Statements

3 months ended March 31, 2017

(Expressed in Canadian dollars)
(Unaudited)

EnerSpar Corp. (formerly Walmer Capital Corp.)

(Expressed in Canadian dollars)

(unaudited)

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying financial statements of EnerSpar Corp. (formally Walmer Capital Corp.) (the "Company") are the responsibility of management and have been approved by the Board of Directors of the Company.

The financial statements have been prepared by management, on behalf of the Board of Directors, in accordance with International Financial Reporting Standards as disclosed in the notes to the financial statements. Where necessary, management has made informed judgments and estimates in accounting for transactions which were not complete at the Statement of Financial Position date. In the opinion of management, the financial statements have been prepared within acceptable limits of materiality and are in accordance with International Financial Reporting Standards appropriate in the circumstances.

The Board of Directors is responsible for reviewing and approving the 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 internal controls over the financial reporting process. The Audit Committee meets with management as well as with the independent auditors to review the financial statements and the auditors' report. The Audit Committee also reviews the Annual Report to ensure that the financial information reported therein is consistent with the information presented in the financial statements. The Audit Committee reports its findings to the Board of Directors for its consideration in approving the 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.

"James A. Richardson"

Chairman and C.E.O.

"John M Arnold"

Director and Chief Financial Officer

EnerSpar Corp. (formerly Walmer Capital Corp.)

(Expressed in Canadian dollars)

(unaudited)

Condensed Statements of Financial Position as at

	March 31, 2017	December 31, 2016
	CAD\$	CAD\$
Assets		
Current assets		
Cash (Note 6)	614,176	3,808
Restricted cash and cash equivalents (Note 6)	-	781,100
HST Receivable	10,876	2,534
Total current assets	625,052	787,442
Total assets	625,052	787,442
Liabilities		
Current liabilities		
Trade and other payables (Note 7)	25,433	25,392
Flow through premium liability (Note 8f)	71,100	71,100
Financing proceeds held in escrow accounts	-	461,250
Total current liabilities	96,533	557,742
Total liabilities	96,533	557,742
Equity		
Share capital (Note 8b)	1,014,327	471,134
Option reserve (Note 8c)	34,165	34,165
Warrants reserve (Note 8e)	27,194	27,194
Retained losses (Note 8d)	(547,167)	(302,793)
Total equity	528,519	229,700
Total liabilities and equity	625,052	787,442

See accompanying notes to the financial statements.

Approved on behalf of the Board on May 23, 2017:

Signed "James Richardson"

Signed "John Arnold"

Director

Director

EnerSpar Corp. (formerly Walmer Capital Corp.)

(Expressed in Canadian dollars)

(unaudited)

Condensed Interim Statements of Loss and Comprehensive Loss Quarters ended

	March 31, 2017	December 31, 2016
	CAD\$	CAD\$
Expenses		
Professional Fees	1,619	36,048
Exploration property acquisition cost	220,000	-
Share-based compensation	-	3,100
Filing Fees	23,220	-
Loss from operations	244,838	39,148
Other income (expenses)		
Interest and other income	464	-
Total of comprehensive loss for the period	244,374	39,148
Basic and diluted loss per share (Note 4d)	0.010	0.004

See accompanying notes to the financial statements.

EnerSpar Corp. (formerly Walmer Capital Corp.)

(Expressed in Canadian dollars)

(unaudited)

Condensed Interim Statements of Changes in Equity March 31, 2017 and March 31, 2016

	Number of common shares	Common share Capital	Warrants reserve	Contributed Surplus	Retained losses	Total equity
	#	CAD\$	CAD\$	CAD\$	CAD\$	CAD\$
Balance at January 1, 2016	4,000,000	240,726	15,794	31,065	(263,645)	23,940
Issuance of flow through shares	7,110,000	355,500	-	-	-	355,500
Less: Share issuance cost	-	(42,592)	-	-	-	(42,592)
Value assigned to broker warrants	-	(11,400)	11,400	-	-	-
Premium on flow through financing	-	(71,100)	-	-	-	(71,100)
Share based compensation	-	-	-	3,100	-	3,100
Net loss	-	-	-	-	(39,148)	(39,148)
Balance, December 31, 2016	11,110,000	471,134	27,194	34,165	(302,793)	229,700
Issuance of flow through shares	10,250,000	512,500	-	-	-	512,500
Less: Share issuance cost	-	(89,307)	-	-	-	(89,307)
Share based compensation ¹	2,400,000	120,000	-	-	-	120,000
Net loss	-	-	-	-	(244,374)	(244,374)
Balance, March 31, 2017	23,760,000	1,014,327	27,194	34,165	(547,167)	528,519

	Number of common shares	Common share Capital	Warrants reserve	Contributed Surplus	Retained losses	Total equity
	#	CAD\$	CAD\$	CAD\$	CAD\$	CAD\$
Balance, December 31, 2015	4,000,000	240,726	15,794	31,065	(263,645)	23,940
Net loss	-	-	-	-	(1,883)	(1,883)
Balance, March 31, 2016	4,000,000	240,726	15,794	31,065	(265,528)	22,057

1. In connection with the acquisition of the Johan Beetz Feldspar Property from Globex Mining Enterprises Inc. EnerSpar issued 2,000,000 shares as consideration at a deemed price of \$0.05 per share and \$100,000 in cash. Further, 400,000 common shares were issued to finder as a finder's fee for Johan Beetz Feldspar Property at a deemed price of \$0.05 per share.

See accompanying notes to the financial statements.

EnerSpar Corp. (formerly Walmer Capital Corp.)

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Condensed Interim Statements of Cash Flows Quarters ended

Particulars	March 31, 2017	March 31, 2016
	CAD\$	CAD\$
Operating activities		
Loss before tax	(244,374)	(1,883)
Adjustments to reconcile loss to net cash used by operating activities		
Share based compensation	120,000	-
Change in non-cash operating working capital items		
Increase in HST receivable	(8,342)	(159)
Decrease in trade and other payables	(461,209)	(1,950)
Net cash used in operations	(593,925)	(3,992)
Financing activities		
Shares issued for cash	512,500	-
Share issuance cost	(89,307)	-
Net cash flows from financing activities	423,193	-
Decrease in cash and cash equivalents	(170,732)	(3,992)
Cash and cash equivalents, beginning of the quarter	784,908	31,903
Cash and cash equivalents, end of the quarter	614,176	27,911

See accompanying notes to the financial statements.

EnerSpar Corp. (formerly Walmer Capital Corp.)

Notes to the interim financial statements quarter ended March 31, 2017

(Expressed in Canadian dollars)

(unaudited)

1. General Business Description and Going Concern

EnerSpar Corp. (formerly Walmer Capital Corp.) (the "Company"), was incorporated under the Business Corporations Act (Alberta) on June 27, 2011, as a Capital Pool Corporation ("CPC") as defined in Policy 2.4 of the TSX Venture Exchange Inc. (the "Exchange"). The Company completed its Qualifying Transaction on March 30, 2017 and changed its name to reflect its new area of endeavor as permitted by Resolution passed at its Annual and Special General Meeting held July 14, 2016.

The Company's business is the acquisition, exploration and development of resource property especially in the field of industrial minerals.

Under the terms of the agreement with Globex Mining Enterprises Inc. ("Globex") (the "Agreement"), more fully described in the yearend financial statements and the Filing Statement for the Qualifying Transaction (all available on SEDAR.com) the Company has acquired 100% legal and beneficial interest in the Johan Beetz Feldspar Property, which is represented by four claims in the Province of Quebec namely Claims 2432487, 2432488, 2461222 and 2461223 Johan-Beetz/Iles & ilets de Mingan 03 township Quebec NTS 12L07. The company having fulfilled all of the requirements of the TSXV has received the TSXV's acceptance of the Qualifying Transaction on March 30, 2017.

Under the terms of the Agreement, the Company paid \$100,000 cash and issued 2.0 million common shares to the vendor at a deemed value of \$0.05 per share and agreed to a 2.5% Gross Metal Royalty to the vendor.

The Company also completed two private placements in December 2016. The funds from these placements were held in escrow until March 30, 2017 when all requirements of the TSXV were satisfied and the qualifying transaction was approved.

The address, and principal place of business of the Company is 22 Coulson Ave., Toronto, Ontario M4V 1Y5. This and other significant documents are available on SEDAR.com and on the soon to be launched company website, ENERSPAR.com.

2. Basis of Preparation

a) Statement of compliance

These unaudited financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

The financial statements were authorized for issue by the Board of Directors on May 23, 2017.

b) Basis of measurement

The financial statements have been prepared on the historical cost basis except for the following:

- (i) derivative financial instruments, if any, are measured at fair value; and
- (ii) held-for-trading financial assets are measured at fair value with changes in fair value recorded in earnings.

EnerSpar Corp. (formerly Walmer Capital Corp.)

Notes to the interim financial statements quarter ended March 31, 2017

*(Expressed in Canadian dollars)
(unaudited)*

2. Basis of Preparation (continued...)

The methods used to measure fair values are discussed in note 6.

c) **Functional and presentation currency**

These financial statements are presented in Canadian dollars, which is the Company's functional currency.

d) **Adoption of new and revised standards and interpretations**

At the date of authorization of these financial statements, the IASB and IFRIC have issued the following new and revised Standards and Interpretations which are not yet effective for the relevant reporting periods and which the Company has not early adopted. However, the Company is currently assessing what impact the application of these standards or amendments will have on the consolidated financial statements of the Company.

IFRS 9 Financial Instruments:

IFRS 9 Financial Instruments is part of the IASB's wider project to replace IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortized cost and fair value. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. The standard is effective for annual periods beginning on or after January 1, 2018. The Company has yet to evaluate the impact of the new standard.

3. Significant Accounting Policies

(a) **Share-based payments**

The Company's directors have previously received their only remuneration in the form of share-based payment transactions, whereby they render services as consideration for equity instruments ("equity-settled transactions").

In situations where equity instruments are issued and some or all of the goods or services received by the entity as consideration cannot be specifically identified, they are measured at fair value of the share-based payment.

The costs of equity-settled transactions are measured by reference to the fair value at the date on which they are granted.

The costs of equity-settled transactions are recognized, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant individuals become fully entitled to the award ("the vesting date"). The cumulative expense is recognized for equity-settled transactions at each reporting date until the vesting date reflecting the Company's best estimate of the number of equity instruments that will ultimately vest.

EnerSpar Corp. (formerly Walmer Capital Corp.)

Notes to the interim financial statements quarter ended March 31, 2017

(Expressed in Canadian dollars)

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3. Significant Accounting Policies (continued...)

(a) Share-based payments (continued...)

The profit or loss charge or credit for a period represents the movement in cumulative expense recognized as at the beginning and end of that period and the corresponding amount is represented in the share based-payments reserve.

No expense is recognized for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition, which are treated as vesting irrespective of whether or not the market condition is satisfied provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, the minimum expense recognized is the expense as if the terms had not been modified. An additional expense is recognized for any modification which increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee as measured at the date of modification.

The dilutive effect of outstanding options is reflected as additional dilution in the computation of earnings per share.

(b) Taxation

Income tax expense represents the sum of tax currently payable and deferred tax.

Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the date of the statement of financial position.

Deferred income tax

Deferred income tax is provided using the liability method on temporary differences at the date of the statement of financial position between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax assets are recognized for all deductible temporary differences and carry forward of unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and unused tax losses can be utilized, except where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;

The carrying amount of deferred income tax assets is reviewed at each date of the statement of financial position and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized. The temporary differences of the Company relate to non-capital losses carry-forward and deferred share issuance costs. As the Company does not expect to become profitable in the foreseeable future, no deferred tax asset has been recorded.

EnerSpar Corp. (formerly Walmer Capital Corp.)

Notes to the interim financial statements quarter ended March 31, 2017

*(Expressed in Canadian dollars)
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3. Significant Accounting Policies (continued...)

(b) Taxation (continued...)

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the date of the statement of financial position.

(c) Valuation of equity instruments

The Company has adopted the residual method with respect to the measurement of common shares and warrants issued as private placement units or initial public offering units. Warrants attached to units are valued based on the fair value of the warrants using the Black-Scholes option pricing model and the share price at the time of financing, and the difference between the proceeds raised and the value assigned to the warrants is the residual fair value of the shares.

The proceeds from the issue of units are allocated between share capital and reserve for warrants. If and when the warrants are exercised, the applicable amounts of reserve for warrants are transferred to capital stock. Consideration paid on the exercise of the warrants is credited to capital stock.

(d) Loss per share

The basic loss per share is computed by dividing the net loss by the weighted average number of common shares outstanding during the period. The diluted loss per share amounts are calculated by dividing net loss attributable to common shareholders by the weighted average number of shares outstanding during the period plus the weighted average number of shares that would be issued on the conversion of all the dilutive potential of warrants and options into common shares. During the quarters ended March 31, 2017 and 2016, shares issuable on exercise of all the outstanding stock options and warrants were not included in the computation of diluted loss per share as the effect would have been anti-dilutive.

(e) Financial assets

All financial assets are initially recorded at fair value and designated upon inception into one of the following four categories: held-to-maturity, available-for-sale, loans-and-receivables or at fair value through profit or loss ("FVTPL").

Financial assets classified as FVTPL are measured at fair value with unrealized gains and losses recognized through the statement of comprehensive loss. The Company's cash is classified as FVTPL.

(f) Financial liabilities

All financial liabilities are initially recorded at fair value and designated upon inception as either FVTPL or other-financial-liabilities.

Financial liabilities classified as other-financial-liabilities are initially recognized at fair value less directly attributable transaction costs. The Company's trade and other payables are classified as other-financial-liabilities.

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Notes to the interim financial statements quarter ended March 31, 2017

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3. Significant Accounting Policies (continued...)

(g) Use of estimates and judgments

The preparation of these financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Accounting estimates will, by definition, seldom equal the actual results. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future years affected.

Judgments made by management that have a significant effect on the financial statements and estimates with a significant risk of material adjustment in the current and following fiscal years are discussed below. The most significant estimates relate to, but are not limited to, the following:

- Assessment of the going concern presumption;
- The calculation of the fair value of share-based payments and equity settled transactions requires the use of estimates of inputs in the Black-Scholes option pricing valuation model.

4. Capital Management

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the business and objectives of the Company. The Board of Directors does not establish quantitative return on capital criteria for management as this form of measure is irrelevant to the effective management of capital for a resource company at this exploration and development stage of operations. Instead, the Board relies on the expertise of the Company's management to sustain future development of the business. The Corporation's policy when managing capital is to maintain a strong capital base for the objectives of maintaining financial flexibility, creditor and market confidence and to sustain the future development of the business. The Company includes only shareholders' equity in its definition of capital.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size and stage of the Company, is reasonable.

There were no changes in the Company's approach to capital management during the quarter ended March 31, 2017. The Company is not subject to externally imposed capital requirements.

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Notes to the interim financial statements quarter ended March 31, 2017

(Expressed in Canadian dollars)
(unaudited)

5. Financial Instruments and Risk Management

The Company's activities expose it to a variety of financial risks including credit risk and liquidity risk. This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital. Further quantitative disclosures are included throughout these financial statements. The Company employs risk management strategies and policies to ensure that any exposure to risk is in compliance with the Company's business objectives and risk tolerance levels. While the Board of Directors has the overall responsibility for the Company's risk management framework, the Company's management has the responsibility to administer and monitor these risks.

(a) Credit risk

Credit risk is the risk of financial loss to the Company if a counterparty fails to discharge its obligations.

The financial instruments that potentially subject the Company to a significant concentration of credit risk consist primarily of cash. The Company mitigates its exposure to credit loss by maintaining its cash in its legal counsel's trust account.

(b) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities as they become due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when due without incurring unacceptable losses or risking harm to the Company's reputation.

(c) Fair values

The fair value of the Company's accounts payable and accrued liabilities approximates its carrying value because of the short-term nature of this financial instrument. Currently the Company is not involved in any hedging activities.

Financial instruments recorded at fair value on the statements of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1 – reflects valuation based on quoted prices observed in active markets for identical assets or liabilities
- Level 2 - reflects valuation techniques based on inputs that are quoted prices of similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; inputs other than quoted prices used in a valuation model that are observable for the instrument; and inputs that are derived principally from or corroborated by observable market data by correlation or other means.
- Level 3 - reflects valuation techniques with significant unobservable market inputs.

A financial instrument is classified to the lowest level of the hierarchy for which a significant input has been considered in measuring fair value. The financial instrument in the Company's financial statements measured at Level 1 fair value is cash.

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Notes to the interim financial statements quarter ended March 31, 2017

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6. Cash and Cash Equivalents

Cash and cash equivalents consists of cash and cash equivalents held in escrow related to the hard dollar financing closed on December 7, 2016, and cash held in trust related to the flow through financing closed on December 12, 2016. These funds have been released to the Company as the Qualifying Transaction was completed March 30, 2017. The Corporation is required to expend the net proceeds of \$319,900 raised through the placement of 7,110,000 flow through shares by December 31, 2017.

7. Trade and Other Payables

Trade and other payables of the Company are substantially all comprised of amounts outstanding for professional services relating to the Qualifying Transaction. The usual credit period taken for trade payables is between 30 and 60 days.

8. Share Capital

(a) Authorized

Unlimited Common shares without par value.

Unlimited Preferred shares that are non-voting, subject to non-cumulative dividends at a rate set by the Board at the time of their issuance, redeemable at paid-up capital at both the holder's and Company's option.

(b) Issued share capital

The Company's issued share capital consists of 23,760,000 common shares.

(c) Incentive share Option Plan

The Company has a share option plan pursuant to which the Board of Directors of the Corporation may grant options to purchase common shares to the officers, directors and technical consultants of the Company.

The aggregate number of common shares reserved for issuance under the share option plan is set at a maximum of 10% of the total number of shares issued and outstanding at the time the options are granted. Furthermore, the aggregate number of options of shares issuable to one optionee other than a technical consultant in any 12 months' period shall not exceed 5% of the total issued and outstanding common shares of the Company. The aggregate number of options of shares issuable to a technical consultant in any 12 months' period shall not exceed 2% of the total issued and outstanding common shares of the Company. The exercise price of all options issued under the share option plan may not be less than the closing market price on the Exchange on the last business day prior to the date the option was granted.

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Notes to the interim financial statements quarter ended March 31, 2017

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8. Share Capital (continued...)

(c) Share Option Plan (continued...)

	March 31, 2017		December 31, 2016	
	Number of Options	Weighted Average exercise price	Number of Options	Weighted Average exercise price
	#	CAD\$	#	CAD\$
Outstanding at beginning of the period	625,000	0.10	500,000	0.10
Transaction during period:				
Granted to Directors	-	-	125,000	0.10
Expired	-	-	-	-
Cancelled	-	-	-	-
Balance at the end of the period	625,000	0.10	625,000	0.10

As at March 31, 2017, the Company had 1,751,000 options available for issuance.

Expiry	Number of Options Outstanding	Weighted Average Remaining Life	Weighted Average Exercise Price	Number of Options Currently Exercisable
	#	Years	CAD\$	#
May 4, 2022	500,000	5.10	0.10	500,000
December 2, 2021	125,000	4.68	0.10	125,000
Balance at end of the period	625,000			625,000

During the quarter ended March 31, 2017, no share options were issued.

(d) Loss per common share

Loss per common share is calculated based on the basic and diluted number of common shares outstanding at March 31, 2017 of 23,760,000 (2016 - 4,000,000). The effect of all potential share option and warrant exercises has been excluded from the diluted calculations as there were no in-the-money options outstanding at March 31, 2017 and 2016, and the effect would be anti-dilutive.

(e) Warrants

The following table provides information about warrants issued and outstanding at March 31, 2017:

Description	Warrants	Numbers of warrants	Expiry date	Exercise price	Fair value of warrants	Value per warrant
Broker warrant	Warrants	711,000	12-Jun-18	0.05	11,400	0.016
Broker warrant	Warrants	1,025,000	07-Jun-18	0.05	52,788	0.052
Warrants 1	Warrants	5,125,000	07-Jun-18	0.10	141,146	0.028

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8. Share Capital (continued...)

(e) Warrants (continued...)

During the year ended December 31, 2016, 711,000 Broker warrants were issued. The fair value of the warrants issued during the year was valued on the date of grant using the Black-Scholes option pricing model. In determining the fair value of the warrants, management is required to make assumptions that could have a material impact on the valuation. The following are the assumptions used: expected term 1.5 years; expected volatility 100%; expected dividend yield 0%; risk free interest rate 0.70%; forfeiture rate 0%; share price \$0.05; exercise price \$0.05. The share price was assumed \$0.05 as it was not publicly traded when these warrants were issued. The fair value of the warrants granted during the year ended December 31, 2016, was calculated as \$0.016, resulting in a total fair value of \$11,400.

1,025,000 warrants were issued to broker during the quarter ended March 31, 2017 in connection with the hard dollar shares issue for the completion of the Qualifying Transaction. The fair value of the warrants issued during the period was valued on the date of grant using the Black-Scholes option pricing model. In determining the fair value of the warrants, management is required to make assumptions that could have a material impact on the valuation. The following are the assumptions used: expected term 1.19 years; expected volatility 100%; expected dividend yield 0%; risk free interest rate 1.00%; forfeiture rate 0%; share price \$0.09; exercise price \$0.05. The share price \$0.09 was the closing price of shares traded on TSXV on April 4, 2017. The fair value of the warrants granted during the quarter ended March 31, 2017, was calculated as \$0.052 per warrant, resulting in a total fair value of \$52,788.

5,125,000 warrants were issued during the quarter ended March 31, 2017 in connection with the conversion of the Subscription Receipts into shares and warrants from the completion of the Qualifying Transaction. The fair value of the warrants issued during the period was valued on the date of grant using the Black-Scholes option pricing model. In determining the fair value of the warrants, management is required to make assumptions that could have a material impact on the valuation. The following are the assumptions used: expected term 1.2 years; expected volatility 100%; expected dividend yield 0%; risk free interest rate 1.00%; forfeiture rate 0%; share price \$0.09; exercise price \$0.10. The share price \$0.09 was the closing price of shares traded on TSXV on April 4, 2017. The fair value of the warrants granted during the quarter ended March 31, 2017, was calculated as \$0.028 per warrant, resulting in a total fair value of \$141,146.

(f) Private Placements

There were no private placements during the quarter ended March 31, 2017.

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9. Financing Proceeds and Shares Held in Escrow

All requirements of the TSXV relating to the Qualifying Transaction having been met, the funds held in escrow and in trust have been released to the company.

	CAD \$
Total amount raised on hard dollar financing	512,500
Less: Share issuance cost paid on hard dollar financing	51,250
Proceed held in escrow on hard dollar financing	461,250
Add: Amount raised on flow through financing	355,500
Less: FT share issuance cost paid	35,650
Restricted balance as at December 31, 2016	781,100
Less: Cash paid to Globex Mining Enterprises for acquisition of property	100,000
Less: Legal Fees and disbursements payments	71,197
Add: Interest received on term deposit	464
Unrestricted cash and cash equivalent held in trust and escrow account as at March 31, 2017	610,368
Add:- Cash on hand as on March 31, 2017	3,808
Total unrestricted cash and cash equivalent as at March 31, 2017	614,176

10. Income Taxes

(a) Provision for Income Taxes

The Company's income tax provision differs from the amount resulting from the application of the Canadian statutory income tax rate. A reconciliation of the combined Canadian federal and provincial income tax rates with the Company's effective tax rate is as follows:

For the year ended December 31,	2016	2015
	\$	\$
Loss before income taxes	(39,148)	(96,440)
Combined statutory rate	25%	25%
	(9,800)	(24,100)
Share issuance costs	(8,500)	(7,200)
Share based compensation	800	-
Change in valuation allowance	17,500	31,300

The Canadian statutory income tax rate of 25% (2016 – 25%) is comprised of the federal income tax rate at approximately 15.00% (2016 – 15%) and the provincial income tax rate of approximately 10% (2015– 10%). The effect of the additional loss in the first quarter is to increase the value of the loss carry forward and corresponding valuation allowance by approximately \$61,200.

The unamortized balance, for income tax purposes, of the share issuance fees amounts to approximately \$34,073 (2015 - \$21,196) and will be deductible in Canada over the next several years.

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10. Income Taxes (continued...)

(b) Tax Loss Carry-forwards

The Company has accumulated non-capital losses of \$547,167, which may be deducted in the calculation of taxable income in future years. The losses expire from 2031 to 2036.

(c) Deferred Tax Balances

The deferred income tax asset is comprised of the following temporary differences:

As at December 31,	2016	2015
Non-capital loss carry forwards	106,000	89,000
Unamortized financing costs	9,000	5,000
Valuation allowance	(115,000)	(94,000)
	\$ -	\$ -

11. Subsequent Events

Subsequent to March 31, 2017, the Company issued 1,250,000 incentive options to directors, officers and consultants at an exercise price of \$0.05 per share expiring April 2, 2020.