



**GT Gold Corp.**  
(Formerly Manera Capital Corp.)

**Interim Consolidated Financial Statements**  
*September 30, 2017 and 2016*  
(Expressed in Canadian Dollars)  
(unaudited)

# GTGOLDCORP

(Formerly Manera Capital Corp.)

(unaudited)

## Interim Consolidated Statements of Financial Position (Expressed in Canadian Dollars)

|  | September 30, 2017 | December 31, 2016 |
|--|--------------------|-------------------|
|  | \$                 | \$                |
| <b>Assets</b>  |                    |                   |
| <b>Current assets</b>                                |                    |                   |
| Cash   | 5,810,850          | 2,087,222         |
| GST receivable                                       | 271,820            | 22,368            |
| Mining exploration tax credits recoverable           | 4,500              | 28,772            |
| Other receivables                                    | 1,123              | 11,480            |
| Prepaid expenses                                     | 119,858            | 13,599            |
|  | 6,225,151          | 2,163,441         |
| Reclamation deposits (note 5)                        | 73,949             | 56,500            |
| Exploration and evaluation assets (note 5)           | 1,775,000          | 1,775,000         |
| Equipment (note 6)                                   | 37,331             | 11,555            |
|  | 8,094,431          | 4,006,496         |
| <b>Liabilities and shareholders' equity</b>          |                    |                   |
| <b>Current liabilities</b>                           |                    |                   |
| Trade and other payables                             | 1,031,262          | 19,115            |
| Accrued liabilities                                  | 16,875             | 22,500            |
| Flow-through premium liability (note 8)              | -                  | -                 |
| Due to related parties – current (notes 5 and 7)     | 241,417            | 251,087           |
|  | 1,289,555          | 292,702           |
| Due to related parties – non-current (notes 5 and 7) | 240,000            | 240,000           |
| <b>Total liabilities</b>                             | 1,529,555          | 532,702           |
| <b>Shareholders' equity</b>                          |                    |                   |
| Share capital (note 8)                               | 15,927,151         | 7,606,794         |
| Warrants reserve (note 8)                            | 33,700             | 33,700            |
| Share-based payments reserve (note 8)                | 372,451            | 259,626           |
| Deficit  | (9,768,425)        | (4,426,326)       |
| Shareholders' equity                                 | 6,564,877          | 3,473,794         |
| <b>Total liabilities and shareholders' equity</b>    | 8,094,431          | 4,006,496         |

See accompanying notes to the interim consolidated financial statements

Nature and continuance of operations (note 1)

Events after the reporting period (note 12)

Approved on behalf of the Board of Directors:

“Ashwath Mehra”

Ashwath Mehra, Director

“Taj Singh”

Taj Singh, Director

**Interim Consolidated Statements of Loss and Comprehensive Loss**  
**(Expressed in Canadian Dollars)**

|   | <b>Three months ended</b> |                 | <b>Nine months ended</b> |                 |
|---|---------------------------|-----------------|--------------------------|-----------------|
|   | <b>September 30</b>       |                 | <b>September 30</b>      |                 |
|   | <b>2017</b>               | <b>2016</b>     | <b>2017</b>              | <b>2016</b>     |
|   | \$                        | \$              | \$                       | \$              |
| <b>Operating costs and expenses</b>                   |                           |                 |                          |                 |
| Accounting and legal                                  | 30,310                    | 4,754           | 63,003                   | 21,440          |
| Consulting fees (note 7)                              | 48,000                    | -               | 154,500                  | 15,025          |
| Depreciation (note 6)                                 | 2,789                     | 421             | 5,745                    | 1,361           |
| Directors' fees (note 7)                              | 26,625                    | -               | 76,625                   | -               |
| Exploration expenditures (notes 5 and 7)              | 4,619,266                 | 6,285           | 5,350,408                | 6,285           |
| Filing and transfer agent fees                        | 27,159                    | -               | 57,215                   | -               |
| Investor relations and marketing                      | 56,978                    | -               | 101,107                  | -               |
| Licenses and permits                                  | -                         | -               | -                        | -               |
| Office and miscellaneous                              | 8,277                     | 108             | 17,066                   | 6,922           |
| Share-based payments (notes 7)                        | 41,336                    | -               | 120,564                  | -               |
| Travel  | 30,057                    | -               | 68,153                   | 3,363           |
| <b>Loss from operations</b>                           | <b>(4,890,797)</b>        | <b>(11,568)</b> | <b>(6,014,386)</b>       | <b>(54,396)</b> |
| Interest income                                       | 15                        | -               | 479                      | -               |
| Other income – flow-through (note                     | 437,842                   | -               | 671,807                  | -               |
| <b>Loss and comprehensive loss</b>                    | <b>(4,452,940)</b>        | <b>(11,568)</b> | <b>(5,342,100)</b>       | <b>(54,396)</b> |
| Loss per share – basic and diluted                    | (0.06)                    | (0.00)          | (0.08)                   | (0.00)          |
| Weighted average number of shares – basic and diluted | 75,743,667                | 25,181,618      | 69,508,569               | 25,688,014      |

*See accompanying notes to the interim consolidated financial statements*

# GTGOLDCORP

(Formerly Manera Capital Corp.)

(unaudited)

## Interim Consolidated Statements of Cash Flows (Expressed in Canadian dollars)

|   | Nine months ended September 30 |          |
|---|--------------------------------|----------|
|   | 2017                           | 2016     |
|   | \$                             | \$       |
| <b>Cash provided by (used in):</b>                    |                                |          |
| <b>Operating activities</b>                           |                                |          |
| Loss for the period                                   | (5,342,100)                    | (54,396) |
| Items not affecting cash:                             |                                |          |
| Depreciation  | 5,745                          | 1,361    |
| Share-based payments                                  | 120,564                        | -        |
| Other income – flow-through                           | (671,807)                      | -        |
| <b>Changes in non-cash operating working capital:</b> |                                |          |
| GST receivable  | (249,452)                      | (1,715)  |
| Mining exploration tax credits recoverable            | 24,272                         | 61,202   |
| Other receivables                                     | 10,357                         | -        |
| Prepaid expenses                                      | (106,259)                      | -        |
| Trade and other payables                              | 1,012,148                      | 18,002   |
| Accrued liabilities                                   | (5,625)                        | -        |
| Due to related parties                                | (9,671)                        | -        |
|   | (5,211,828)                    | 24,454   |
| <b>Financing activities</b>                           |                                |          |
| Proceeds from the issuance of common shares           | 6,617,840                      | -        |
| Proceeds from the issuance of flow-through shares     | 2,325,488                      | -        |
| Proceeds from the exercise of warrants                | 551,573                        | -        |
| Proceeds from the exercise of options                 | 11,250                         | -        |
| Share issuance costs                                  | (521,725)                      | -        |
|   | 8,984,426                      | -        |
| <b>Investing activities</b>                           |                                |          |
| Increase in reclamation deposit                       | (17,449)                       | -        |
| Acquisition of equipment                              | (31,520)                       | -        |
|   | (48,969)                       | -        |
| <b>Net increase (decrease) in cash</b>                | 3,723,628                      | 24,454   |
| <b>Cash, beginning of</b>                             | 2,087,222                      | 1,466    |
| <b>Cash, end of period</b>                            | 5,810,850                      | 25,920   |

See accompanying notes to the interim consolidated financial statements

Supplemental disclosure with respect to cash flows (note 11)

# GT GOLDCORP

(Formerly Manera Capital Corp.)

(unaudited)

## Interim Consolidated Statements of Changes in Shareholders' Equity (Deficiency)

For the Nine Months Ended September 30, 2017 and 2016

(Expressed in Canadian dollars)

|   | Number of<br>shares | Share capital<br>\$ | Warrants<br>reserve<br>\$ | Share-based<br>payments<br>reserve<br>\$ | Deficit<br>\$ | Total equity<br>\$ |
|---|---------------------|---------------------|---------------------------|--|---------------|--------------------|
| Balance, December 31, 2016                      | 63,380,281          | 7,606,794           | 33,700                    | 259,626                                  | (4,426,326)   | 3,473,794          |
| Common shares issued in private placements      | 9,476,706           | 6,617,840           | -                         | -  | -             | 6,617,840          |
| Flow-through shares issued in private placement | 5,167,750           | 2,325,488           | -                         | -  | -             | 2,325,488          |
| Flow-through premium                            |                     | (671,808)           | -                         | -  | -             | (671,808)          |
| Issued pursuant to the exercise of warrants     | 2,757,867           | 551,573             | -                         | -  | -             | 551,573            |
| Issued pursuant to the exercise of options      | 75,000              | 11,250              | -                         | -  | -             | 11,250             |
| Share issuance costs                            |                     | (521,725)           | -                         | -  | -             | (521,725)          |
| Share-based payments                            | -                   | 7,740               | -                         | 112,825                                  | -             | 120,565            |
| Net loss  | -                   | -                   | -                         | -  | (5,342,100)   | (5,342,100)        |
| Balance September 30, 2017                      | 80,857,604          | 15,927,152          | 33,700                    | 372,451                                  | (9,768,426)   | 6,564,877          |

|                              | Number of<br>shares | Share capital<br>\$ | Warrants<br>reserve<br>\$ | Share-based<br>payments<br>reserve<br>\$ | Deficit<br>\$ | Total equity<br>(deficiency)<br>\$ |
|------------------------------|---------------------|---------------------|---------------------------|--|---------------|------------------------------------|
| Balance, December 31, 2015   | 24,851,948          | 2,185,197           | -                         | -  | (2,460,096)   | (274,899)                          |
| Shares issued to settle debt | 1,500,000           | 150,000             | -                         | -  | -             | -                                  |
| Net loss                     | -                   | -                   | -                         | -  | (54,396)      | (54,396)                           |
| Balance, September 30, 2016  | 26,351,948          | 2,335,197           | -                         | -  | (2,514,492)   | (179,295)                          |

See accompanying notes to the interim consolidated financial statements

### 1) NATURE AND CONTINUANCE OF OPERATIONS

GT Gold Corp. (formerly Manera Capital Corp.) (“Manera” or the “Company”) was incorporated under the Business Corporations Act (British Columbia) (“BCBCA”) on September 9, 2013 and was classified as a Capital Pool Company (“CPC”) as defined in Policy 2.4 of the TSX Venture Exchange (the “Exchange”). The Company’s purpose as a CPC was to identify and evaluate potential business opportunities in Canada, and once identified and evaluated, to negotiate an acquisition or participation subject to receipt of shareholder and regulatory approval.

On November 10, 2016, the Company completed a Share Exchange Agreement (the “Share Exchange”) (note 4) with New Chris Minerals Ltd. (“New Chris”), a private British Columbia mineral exploration company incorporated under the BCBCA on February 25, 2011 with two founding shareholders (the “New Chris Shareholders”). The transaction was accounted for as an acquisition of Manera by New Chris, resulting in a reverse take-over (“RTO”).

Following the RTO, on November 22, 2016, Manera changed its name to GT Gold Corp., began trading on the Exchange under the trading symbol GTT, and changed its registered and records office, as well as its head office, to Suite 1700, Park Place, 666 Burrard Street, Vancouver, British Columbia, Canada V6C 2X8. New Chris continues forward as a wholly-owned subsidiary and exploration cost centre for the Company.

For the purposes of these interim consolidated financial statements, the “Company” is defined as the consolidated entity. The comparative financial information for the three and nine months ended September 30, 2016 is that of New Chris.

The Company’s primary business is the acquisition and exploration of mineral properties, with a focus on British Columbia. The Company’s properties (note 5) do not presently host any known mineral deposits nor, given the high degree of risk involved, can there be any assurance that its exploration activities will in future result in the definition of such deposits or, ultimately, a profitable mining operation.

These interim consolidated financial statements (the “financial statements”) have been prepared on a going concern basis, which assumes the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities and commitments in the normal course of business. The Company has incurred consolidated losses during the first nine months of the year of \$5,342,100 (2016 – \$54,396) and has an accumulated deficit as at September 30, 2017 of \$9,768,425 (December 31, 2016 – \$4,426,326). Further, the Company has limited financial resources, no source of operating cash flows, and there is no assurance that sufficient funding (including adequate financing) will be available to conduct further exploration and development of its mineral property projects.

The application of the going concern concept is dependent upon the Company’s ability to generate future profitable operations and receive continued financial support from its creditors and shareholders. These financial statements do not give effect to any adjustments that might be required should the Company be unable to continue as a going concern.

Management plans to continue to pursue equity and/or debt financing to support operations. There can be no assurance that these financing efforts will be successful. Failure to maintain the support of creditors and obtain additional external financing will cause the Company to curtail operations and the Company’s ability to continue as a going concern will be impaired. The outcome of these matters cannot be predicted at this time. However, management believes that the Company’s working capital is sufficient for the Company to continue as a going concern beyond one year.

## **2) SIGNIFICANT ACCOUNTING POLICIES**

### **Statement of Compliance and Basis of Presentation**

The unaudited condensed interim financial statements for the nine month period ended September 30, 2017, and the notes thereto, together with the Company's annual audited consolidated financial statements issued under International Financial Reporting Standards ("IFRS") for the year ended December 31, 2016, present the Company's financial results of operations and financial position under IFRS as at and for the nine months ended September 30, 2017, including 2016 comparative periods. The financial statements have been prepared in accordance with International Accounting Standard ("IAS") 34, "Interim Financial Reporting", as issued by the International Accounting Standards Board ("IASB") and using the accounting policies the Company adopted in its financial statements for the year ending December 31, 2016 based on current standards. The financial statements do not include all the necessary annual disclosures in accordance with IFRS.

These financial statements have been prepared on a historical cost basis, except for those financial instruments which have been classified at fair value through profit or loss. In addition, with the exception of cash flow information, these financial statements have been prepared using the accrual method of accounting.

All amounts in these financial statements are presented in Canadian dollars, the functional currency of the Company and its subsidiary. The accounting policies set out below have been applied consistently by the Company and its subsidiary.

These interim financial statements were approved by the Company's Board of Directors on November 23, 2017.

### **Principles of Consolidation**

These financial statements include the financial information of the Company and its wholly-owned subsidiary. All intercompany balances have been eliminated on consolidation.

Subsidiaries are entities controlled by the Company, and are included in the financial statements from the date that control commences until the date that control ceases. The accounting policies of subsidiaries are changed where necessary to align with the policies adopted by the Company.

### **Segment Reporting**

The Company operates in a single reportable operating segment – the acquisition, exploration and development of mineral properties in Canada.

### **Significant Accounting Judgments and Estimates**

The preparation of these financial statements in conformance with IFRS requires management to make estimates, judgments 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 underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

**Critical Accounting Estimates**

Critical accounting estimates are estimates and assumptions made by management that may result in a material adjustment to the carrying amount of assets and liabilities within the next financial year and include, but are not limited to, the following:

Estimated useful lives of equipment

The estimated useful lives of equipment, which is included in the consolidated statements of financial position, will impact the amount and timing of the related amortization included in profit or loss.

Share-based payments (stock options)

The fair value of stock options issued are subject to the limitations of the Black-Scholes option pricing model that incorporates market data and involves uncertainty in estimates used by management in the assumptions. Because the Black-Scholes option pricing model requires the input of highly subjective assumptions, including the volatility of share prices, changes in subjective input assumptions can materially affect the fair value estimate.

Recovery of deferred tax assets

The Company estimates the expected manner and timing of the realization or settlement of the carrying value of its assets and liabilities and applies the tax rates that are enacted or substantively enacted on the estimated dates of realization or settlement.

**Critical Accounting Judgments**

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements include, but are not limited to, the following:

Exploration and evaluation assets

Management is required to make judgments on the status of each mineral property and exploration plans. The nature of exploration and evaluation activity is such that only a few projects are ultimately successful and some assets are likely to become impaired in future periods.

**3) NEW ACCOUNTING STANDARDS AND RECENT PRONOUNCEMENTS***New standards, amendments and interpretations to existing standards not adopted by the Company*

During the period ended September 30, 2017, the Company adopted certain new standards and amendments to standards, none of which had a significant impact on its consolidated financial statements.

The IASB intends to replace International Accounting Standard ("IAS") 39 Financial Instruments: Recognition and Measurement in its entirety with IFRS 9 Financial Instruments which is intended to reduce the complexity in the classification and measurement of financial instruments. IFRS 9 is effective for periods beginning on or after January 1, 2018. The Company is evaluating the impact the standard is expected to have on its financial statements.

IFRS 16 Leases was issued in January 2016 and is effective for periods beginning on or after January 1, 2019. It provides a single lessee accounting model, requiring lessees to recognize assets



and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. The Company is evaluating the impact the final standard is expected to have on its consolidated financial statements.

#### **4) SHARE EXCHANGE AGREEMENT**

Pursuant to the Share Exchange (note 1), Manera issued 26,851,948 common shares to acquire 100% of the issued and outstanding shares of New Chris from the New Chris Shareholders. The Share Exchange also stipulated additional consideration in the form of a payment of \$440,000 (the "Acquisition Obligation") to the New Chris Shareholders, both of whom are considered related parties for financial reporting purposes. \$200,000 of the Acquisition Obligation is required to be paid within 12 months of closing of the Share Exchange (none paid as at September 30, 2017), with the remaining \$240,000 being required within 24 months of closing (notes 5 and 7). Further, the Share Exchange also stipulated the partial exercise of New Chris' amended property option agreements by the issuance of an additional 11,500,000 common shares (note 5) and required the payment of \$10,000 to the New Chris Shareholders on Exchange acceptance, with an additional payment of \$206,500 to settle outstanding loans owing to the New Chris Shareholders (note 7).

The remaining terms of the property option agreements remain in effect, with the requirement to make staged cash payments to the optionors totaling \$575,000 over a period of 4 years (\$50,000 paid as at September 30, 2017). The properties are also subject to a 2% net smelter return ("NSR") royalty (note 5).

The transaction resulted in the New Chris Shareholders acquiring control of the Company. Therefore, the transaction was accounted for as an acquisition of Manera by New Chris. As Manera did not meet the definition of a business as defined in IFRS 3, it was accounted for as a share-based payment transaction in accordance with IFRS 2.

The substance of the issuance of the 26,851,948 common shares by Manera was to make New Chris a publicly listed company via RTO. Although the consolidated statement of financial position and share capital were those of the Company as a legal entity, the assets, liabilities and dollar amounts allocated to share capital were those of New Chris. The Company's financial statements subsequent to November 10, 2016 provide for the continuation of New Chris' activities.

The fair value of the consideration was calculated as follows:

- The fair value of 7,850,000 common shares of Manera was determined to be \$1,177,500 (\$0.15 per share) based on the fair value of Manera shares on November 10, 2016 (note 8).
- The fair value of the amount due to related parties (acquisition obligation) was determined to be \$440,000, which was the amount agreed upon by the New Chris Shareholders (note 5).

The fair value of the consideration was determined to be in excess of the fair value of the net assets of Manera as at November 10, 2016. Because the Company could not specifically identify any goods or services that related to this excess, a "Listing expense" was recognized on the consolidated statement of loss and comprehensive loss as specified under IFRS 2.

The following provides details of the fair value of the consideration paid and the fair value of the assets and liabilities acquired:

|  | Number    | Amount<br>\$     |
|--|-----------|------------------|
| Consideration:                                 |           |                  |
| Common shares                                  | 7,850,000 | 1,177,500        |
| Acquisition obligation                         | -         | 440,000          |
| <b>Total consideration</b>                     |           | <b>1,617,500</b> |
| Identifiable assets (liabilities) acquired:    |           |                  |
| Cash   |           | 139,692          |
| GST receivable                                 |           | 4,742            |
| Other receivables                              |           | 1,123            |
| Prepaid expenses                               |           | 1,000            |
| Other current assets                           |           | 130,793          |
| Accounts payable                               |           | (27,730)         |
| <b>Net assets acquired</b>                     |           | <b>249,620</b>   |
| <b>Excess of consideration over net assets</b> |           | <b>1,367,880</b> |

The transaction constituted the Company's Qualifying Transaction ("QT") and pursuant to the policies of the Exchange, the Company is no longer a Capital Pool Company and is classified as a Tier 2 Mining Issuer. The Transaction was an arm's length transaction and therefore was not subject to shareholder approval.

## 5) EXPLORATION AND EVALUATION ASSETS AND EXPENDITURES

The following table provides a summary of exploration and evaluation asset acquisition costs:

|  | Tatogga Lake<br>\$ | New Nanik<br>\$ | Total<br>\$ |
|--|--------------------|-----------------|-------------|
| Balance, December 31, 2015                           | -                  | -               | -           |
| Additions – fair value of common shares              | 862,500            | 862,500         | 1,725,000   |
| Additions – cash                                     | 50,000             | -               | 50,000      |
| Balance, December 31, 2016 and<br>September 30, 2017 | 912,500            | 862,500         | 1,775,000   |

On November 10, 2016, the Company completed the Share Exchange with New Chris (note 4), which included the issuance of 11,500,000 common shares of the Company with a combined fair value of \$1,725,000. The original option agreements (discussed below) stipulated a certain number of shares to be issued on the Company (through New Chris) obtaining a public listing. Both option agreements included an amendment dated October 18, 2016 that superseded all prior option agreement details and called for the one-time issuance of 11,500,000 common shares in lieu of previously disclosed staged share issuances.

**Tatogga Lake Property, British Columbia**

The Company (through New Chris) entered into an option agreement dated June 13, 2011, and as amended March 25, 2014, June 10, 2016 and October 18, 2016, with Richard Billingsley, Gaye Richards and 0886260 B.C. Ltd. (collectively, the "Optionors A"). The Optionors A granted the Company the sole and exclusive right and option to acquire a 100% undivided interest in a series of mineral claims situated in the Red Chris (Iskut) region of northwestern British Columbia. As at September 30, 2017, in order to keep the option in good standing, the Company is required to make staged cash payments to the Optionors A as follows:

- \$25,000 on signing (paid during 2011);
- \$50,000 within five days of the Company obtaining a public listing (paid during 2016);
- \$50,000 on the first anniversary of the date that the Company obtains a public listing;
- \$100,000 on the second anniversary of the date that the Company obtains a public listing;
- \$100,000 on the third anniversary of the date that the Company obtains a public listing; and
- \$100,000 on the fourth anniversary of the date that the Company obtains a public listing.

The Optionors A retain a 2% NSR royalty on all future production from the Tatogga claims, but pursuant to the option agreement, the Company has the sole and exclusive option to purchase 1% of the NSR royalty for a price of \$1,500,000 within five years from the date the Tatogga Lake Project is put into commercial production.

**New Nanik Property, British Columbia**

The Company (through New Chris) entered into an option agreement dated April 24, 2012, and as amended March 20, 2014, June 1, 2016, June 10, 2016 and October 18, 2016, with Richard Billingsley and Gaye Richards (collectively, the "Optionors B"). The Optionors B granted the Company the sole and exclusive right and option to acquire a 100% undivided interest in a series of mineral claims known as the New Nanik Property, situated in west-central British Columbia approximately 100 kilometres southeast of Terrace. As at September 30, 2017, in order to keep the option in good standing the Company is required to make staged cash payments to the Optionors B as follows:

- \$50,000 within 15 business days of signing (paid in 2012);
- \$25,000 on or before the first anniversary of the date that the Company obtains a public listing;
- \$50,000 on or before the second anniversary of the date that the Company obtains a public listing;
- \$50,000 on or before the third anniversary of the date that the Company obtains a public listing; and
- \$50,000 on or before the fourth anniversary of the date that the Company obtains a public listing.

Upon the exercise of the option, the Company will be required to pay to the Optionors B a 2% NSR royalty on all future production from the New Nanik claims.

# GT GOLD CORP

(Formerly Manera Capital Corp.)

Notes to the Interim Consolidated Financial Statements

Nine Months Ended September 30, 2017 and 2016

(Expressed in Canadian Dollars)

(unaudited)

The following table provides a summary of exploration and evaluation expenditure costs for the nine months ended September 30, 2017 and 2016:

|                                | September 30, 2017 | September 30, 2016 |
|--------------------------------|--------------------|--------------------|
|                                | \$                 | \$                 |
| <b>Tatogga Lake Property</b>   |                    |                    |
| Mapping                        | 7,940              | -                  |
| Photogrammetry                 | 17,352             | -                  |
| Aircraft rental                | 831,804            | -                  |
| Environmental                  | 58,421             | -                  |
| Expediting & logistics         | 77,064             | -                  |
| Camp costs                     | 628,331            | -                  |
| Field travel                   | 84,247             | -                  |
| Field prep                     | 45,681             | -                  |
| Geological consulting          | 121,791            | -                  |
| Permitting                     | 1,994              | -                  |
| Shipping & transport           | 13,328             | -                  |
| Assaying                       | 246,545            | -                  |
| Plotting & printing            | 893                | -                  |
| Prospecting & mineralogy       | 12,424             | -                  |
| Geochemical                    | 2,093              | -                  |
| Geophysical services           | 211,370            | -                  |
| Claims staking & maintenance   | 856                | -                  |
| Storage                        | 5,193              | -                  |
| First Nations consultations    | 13,849             | -                  |
| First Nation donations         | 7,500              | -                  |
| Courses & training             | 3,131              | -                  |
| Fuel and tanks                 | 223,224            | -                  |
| Field supplies                 | 38,713             | -                  |
| Drilling                       | 2,036,307          | -                  |
| Pad building                   | 100,867            | -                  |
| Chip core logging              | 209,502            | -                  |
| Core sampling and cutting      | 284,920            | -                  |
| Miscellaneous field activities | 59,631             | -                  |
| Total Tatogga                  | 5,344,968          | -                  |
| <b>New Nanik Property</b>      |                    |                    |
| Claims staking & maintenance   | 5,440              | -                  |
| Total New Nanik                | 5,440              | -                  |
| <b>Total expenditures</b>      | <b>5,350,408</b>   | <b>-</b>           |

## Reclamation deposits

As at September 30, 2017, the Company has a total of \$73,949 (December 31, 2016 - \$56,500) in reclamation deposits held pursuant to a Safekeeping Agreement with the Province of British Columbia.

## 6) EQUIPMENT

|   | Computer<br>Equipment | Field<br>Equipment | Tanks and<br>Fuel<br>Equipment | Total         |
|---|-----------------------|--------------------|--------------------------------|---------------|
| <b>Cost</b>                               | <b>\$</b>             | <b>\$</b>          |                                | <b>\$</b>     |
| Balance, December 31, 2016                | 6,270                 | 16,922             | -                              | 23,192        |
| Additions                                 | 5,699                 | -                  | 25,821                         | 31,520        |
| Balance, September 30, 2017               | 11,969                | 16,922             | 25,821                         | 54,712        |
| <b>Accumulated depreciation</b>           |                       |                    |                                |               |
| Balance, December 31, 2016                | 1,248                 | 10,389             | -                              | 11,637        |
| Additions                                 | 2,909                 | 932                | 1,904                          | 5,745         |
| Balance, September 30, 2017               | 4,157                 | 11,320             | 1,904                          | 17,382        |
| <b>Net book value, December 31, 2016</b>  | <b>5,022</b>          | <b>6,533</b>       | <b>-</b>                       | <b>11,555</b> |
| <b>Net book value, September 30, 2017</b> | <b>7,813</b>          | <b>5,601</b>       | <b>23,917</b>                  | <b>37,331</b> |

## 7) DUE TO RELATED PARTIES

|   | For the nine months ended |               | Amount payable as at |                |
|---|---------------------------|---------------|----------------------|----------------|
|   | September 30              | September 30, | September 30,        | December 31,   |
|   | 2017                      | 2016          | 2017                 | 2016           |
|   | \$                        | \$            | \$                   | \$             |
| Consulting fees paid or accrued to the Company's Chief Executive Officer                | 112,500                   | -             | -                    | 16,936         |
| Exploration and promotion expense paid or accrued to a company controlled by a Director | 525,552                   | -             | -                    | 13,631         |
| Consulting fees paid or accrued to the Company's Chief Financial Officer                | 34,000                    | -             | -                    | 3,955          |
| Amount paid to the Company's Corporate Secretary  | 14,920                    | -             | 1,103                | 2,732          |
| Directors' fees paid or accrued   | 75,000                    | -             | 40,315               | 13,833         |
| Acquisition Obligation owing pursuant to the Share Exchange (current)                   | -                         | -             | 200,000              | 200,000        |
| <b>Totals</b>   | <b>687,722</b>            | <b>-</b>      | <b>241,417</b>       | <b>251,087</b> |

The remaining \$240,000 owing as part of the Acquisition Obligation to the New Chris Shareholders, one of whom remains a Director of the Company while the other resigned as a Director subsequent to completion of the Share Exchange, is payable within 24 months of the closing of the Share Exchange (note 4). Accordingly, it has been classified as a non-current liability as at December 31, 2016 and September 30, 2017. The amounts owing are non-interest bearing and unsecured.

During the year ended December 31, 2016, the Company granted a total of 4,550,000 stock options to Directors and Officers of the Company with a fair value of \$470,844. Share-based payments expense of \$120,565 was recognized during the nine months ended September 30, 2017 in respect of these option grants. No share-based payment expense was recognized during the nine-month period ended September 30, 2016.

**8) SHARE CAPITAL****Authorized share capital**

The authorized share capital of the Company consists of an unlimited number of common shares without par value.

**Share issuances**

During the nine months ended September 30, 2016, the Company:

- Issued 1,500,000 common shares with a fair value of \$150,000 (\$0.10 per share) in connection with debt settlement agreements entered into with two Directors (New Chris). The Company recognized a gain on debt settlement in the amount of \$34,232 in connection with the debt settled.

During the nine months ended September 30, 2017, the Company:

- Issued 2,757,867 common shares for gross proceeds of \$551,573 in connection with the exercise of warrants.
- Completed two private placements of common shares for total gross proceeds of \$6,617,840: On April 26, 2017 the Company issued 2,712,000 common shares at a price of \$0.32 per share for gross proceeds of \$867,840, and on August 18, 2017 the Company issued 6,764,700 common shares at a price of \$0.85 per share for gross proceeds of \$5,750,000.
- Completed a flow-through share offering whereby the Company issued 5,167,750 flow-through common shares at a price of \$0.45 per flow-through common share for gross proceeds of \$2,325,488 on April 26, 2017. A flow-through premium liability of \$671,808 was recognized in connection with the flow-through offering. An amount of \$671,808 was reversed and recognized as other income as at September 30, 2017 based on the Company expending 100% of the amounts raised under the flow-through offering on qualified exploration expenditures.
- Incurred total cash share issue costs of \$521,725 in connection with the common share and flow-through offerings completed.

**Escrow shares**

As at September 30, 2017, 31,763,961 common shares are held in escrow (December 31, 2016 – 38,116,753) to be released at a rate of 15% on each of November 21, 2017, May 21, 2018, November 21, 2018, May 21, 2019, and November 21, 2019, respectively.

### Share purchase warrants

A summary of the Company's share purchase warrant activity is as follows:

|                             | Number of<br>warrants | Weighted average<br>exercise price<br>\$ |
|-----------------------------|-----------------------|--|
| Balance December 31, 2015   | -                     | -  |
| Issued                      | 8,496,033             | 0.20                                     |
| Balance December 31, 2016   | 8,496,033             | 0.20                                     |
| Exercised                   | (2,757,867)           | 0.20                                     |
| Balance, September 30, 2017 | 5,738,166             | 0.20                                     |

| Exercise price | Number of warrants<br>outstanding | Expiry date       |
|----------------|-----------------------------------|-------------------|
| \$0.20         | 5,738,166                         | November 10, 2018 |

### Stock options

The Company has a Stock Option Plan (the "Plan") under which directors, employees and consultants are eligible to receive stock option grants. Under the Plan, granted options are exercisable over periods up to 10 years as determined by the Board of Directors. The maximum number of outstanding options under the plan is limited to 10% of the number of issued and outstanding common shares.

The exercise price of each option is determined by the Board of Directors at the time of grant, and cannot be less than the price permitted by the Exchange. Currently, the Exchange requires that the exercise price of options must be equal to or greater than the discounted market price (as defined in the policies of the Exchange). The exercise price of options is solely payable in cash. The Board of Directors has the discretion to determine the term and vesting provisions of any options granted under the Plan at the time of grant subject to the policies of the Exchange.

A summary of the Company's stock option activity is as follows:

|                             | Number of<br>options | Weighted average<br>exercise price<br>\$ |
|-----------------------------|----------------------|--|
| Balance, December 31, 2015  | 525,000              | 0.10                                     |
| Granted                     | 4,725,000            | 0.23                                     |
| Exercised                   | (525,000)            | 0.10                                     |
| Balance, December 31, 2016  | 4,725,000            | 0.23                                     |
| Exercised                   | (75,000)             | 0.15                                     |
| Balance, September 30, 2017 | 4,650,000            | 0.23                                     |



A summary of the Company's stock options outstanding and exercisable at December 31, 2016 is presented below:

| Exercise price | Options outstanding | Options exercisable | Expiry date       |
|----------------|---------------------|---------------------|-------------------|
| \$0.15         | 1,500,000           | 1,500,000           | November 10, 2021 |
| \$0.225        | 1,575,000           | -                   | November 10, 2021 |
| \$0.30         | 1,575,000           | -                   | November 10, 2021 |
|                | 4,650,000           | 1,500,000           |                   |

The weighted average remaining contractual life of options outstanding is 4.12 years.

During the year ended December 31, 2016, the Company granted a total of 4,725,000 stock options with a total fair value of \$488,953 (\$0.10 fair value per option). A total of \$298,805 was recognized as share-based payment expense during the year ended December 31, 2016. The assumptions used in the Black-Scholes option pricing model were as follows:

|                     | Year ended<br>December 31, 2016 |
|---------------------|---------------------------------|
| Expected life       | 5 years                         |
| Expected volatility | 100%                            |
| Risk-free rate      | 1.00%                           |
| Dividend yield      | Nil                             |
| Forfeiture rate     | Nil                             |

During the nine months ended September 30, 2017, a total of \$120,565 (2016 - \$nil) was recognized as share-based payment expense.

#### Share-based payments reserve

|  |         |
|--|---------|
|  | \$      |
| Balance at December 31, 2016           | 259,626 |
| Share-based payments                   | 120,565 |
| Less amount allocated to share capital | (7,740) |
| Balance at September 30, 2017          | 372,451 |

## 9) CAPITAL MANAGEMENT

The Company is a junior exploration company and considers items included in shareholders' equity as capital. The Company does not expect to enter into debt financing arrangements. The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of underlying assets. In order to maintain or adjust its capital structure, the Company may issue new common shares for cash proceeds. The Company is not subject to any externally imposed capital requirements and does not presently utilize any quantitative measures to monitor its capital. The Company's capital structure as at September 30, 2017 is comprised of shareholders' equity of \$6,564,877 (December 31, 2016 - \$3,473,794).

The Company currently has no source of revenues. In order to fund future projects and pay for administrative costs, the Company will spend its existing working capital and raise additional funds as needed. The Company's ability to continue as a going concern on a long-term basis and realize

its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation is primarily dependent upon its ability to sell or option its exploration and evaluation assets and its ability to borrow or raise additional financing from equity markets.

## 10) FINANCIAL INSTRUMENT RISKS

The Company's financial instruments are exposed to the following risks:

### *Credit Risk*

The Company's primary exposure to credit risk is the risk of illiquidity of cash amounting to \$5,810,850 at September 30, 2017 (December 31, 2016 - \$2,087,222). As the Company's policy is to limit cash holdings to instruments issued by major Canadian banks, or investments of equivalent or better quality, the credit risk is considered by management to be negligible.

### *Interest Rate Risk*

The Company currently has cash balances only. The Company's current policy is to invest excess cash in investment grade short-term deposit certificates issued by its financial institution.

### *Liquidity Risk*

Liquidity risk is the risk that the Company is unable to meet its financial obligations as they come due. The Company manages this risk by careful management of its working capital to ensure its expenditures will not exceed available resources.

### *Market and Currency Risk*

The Company is not exposed to market risk because it does not own publicly traded marketable securities and does not have investments in other companies. It is not exposed to currency risk because it does not deal in foreign currencies, nor does it have foreign mineral properties.

### *Fair Value of Financial Instruments*

The fair value of the Company's financial assets and liabilities approximates the carrying amount. Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values.

The three levels of the fair value hierarchy are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data.

At September 30, 2017, the levels in the fair value hierarchy into which the Company's financial assets and liabilities are measured and recognized on the consolidated statement of financial position at fair value on a recurring basis are categorized as follows:

|      | <b>Category</b> | <b>At September 30, 2017</b> |
|------|-----------------|------------------------------|
|      |                 | <b>\$</b>                    |
| Cash | Level 1         | 5,810,850                    |

During the nine months ended September 30, 2017 and the year ended December 31, 2016, there were no transfers between level 1, level 2 and level 3 classified assets and liabilities.

#### **11) SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS**

There were no non-cash financing and investing activities during the nine months ended September 30, 2017 and September 30, 2016.

#### **12) EVENTS AFTER THE REPORTING PERIOD**

On November 1, 2017, the Company staked an additional 6,645.65 hectares of mineral claims at a cost of \$15,130 covering the northern approaches to the Saddle gold discovery.