

INTEGRA GOLD CORP.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2016 AND AUGUST 31, 2015
(Expressed in Canadian dollars)

NOTICE OF NO AUDITOR REVIEW OF
INTERIM FINANCIAL STATEMENTS

The accompanying unaudited financial statements of Integra Gold Corp. ("the Company"), for the nine months ended September 30, 2016 and August 31, 2015, have been prepared by management and have not been reviewed by the Company's external independent auditors.

Integra Gold Corp.

Condensed Interim Consolidated Financial Statements For the Nine Months Ended September 30, 2016 and August 31, 2015

Table of Contents	Page
Condensed Interim Consolidated Statements of Financial Position	4
Condensed Interim Consolidated Statements of Operations and Comprehensive Loss	5
Condensed Interim Consolidated Statements of Changes in Equity	6
Condensed Interim Consolidated Statements of Cash Flows	7
Notes to Condensed Interim Consolidated Financial Statements	8 - 22

INTEGRA GOLD CORP.

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian dollars)

	September 30, 2016 (Unaudited)	December 31, 2015 (Audited)
ASSETS		
Current		
Cash and cash equivalents (Note 4)	\$ 39,404,106	\$ 16,254,647
Investments (Note 5)	17,602,420	165,833
Sales tax recoverable and accounts receivable (Note 11)	1,597,229	1,642,701
Mining exploration tax credits recoverable (Note 16)	4,756,091	2,986,615
Prepaid expenses	997,088	477,519
Inventory (Note 6)	420,985	-
Total Current Assets	64,777,919	21,527,315
Deposits (Note 7)	3,864,575	3,860,326
Property, Plant and Equipment (Note 8)	9,500,099	7,615,430
Exploration and Evaluation Assets (Notes 9, 16)	73,668,320	54,464,987
Total Assets	\$ 151,810,913	\$ 87,468,058
LIABILITIES		
Current Liabilities		
Accounts payable and accrued liabilities (Notes 10,11)	\$ 3,846,602	\$ 1,789,007
Flow-through share premium liability (Note 14(g))	8,387,979	1,163,895
Total Current Liabilities	12,234,581	2,952,902
Non-current Liabilities		
Reclamation and other provisions (Note 12)	10,836,517	11,362,377
Finance lease obligation – long term portion (Note 13)	313,184	184,696
Total Liabilities	23,384,282	14,499,975
EQUITY		
Share Capital (Note 14)	158,601,552	115,415,775
Reserves	7,937,817	7,780,875
Accumulated Other Comprehensive Income	8,386,377	52,333
Deficit	(46,499,115)	(50,280,900)
Total Equity	128,426,631	72,968,083
Total Liabilities and Equity	\$ 151,810,913	\$ 87,468,058

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

INTEGRA GOLD CORP.

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS
(Unaudited, expressed in Canadian dollars)

	Three Months Ended		Nine Months Ended	
	September 30, 2016	August 31, 2015	September 30, 2016	August 31, 2015
Operating Expenses				
Compensation and benefits	\$ 515,245	\$ 173,790	\$ 1,571,506	\$ 1,288,459
Corporate development and marketing	316,313	287,796	1,065,511	734,346
Depreciation (Note 8)	185,210	55,482	347,535	85,636
Office and administration	151,866	271,566	473,689	821,535
Professional fees	116,435	135,129	683,696	539,581
Share-based compensation	334,737	284,441	906,210	1,441,526
Operating Loss for the period	1,619,806	1,208,204	5,048,147	4,911,084
Other Income (Expense)				
Interest and other income	104,460	51,249	346,250	(157,704)
Gain/loss on investments	1,438,616	-	3,317,316	(1,311,800)
Total Other Income (Expense)	1,543,076	51,249	3,663,566	(1,469,504)
Loss Before Income Taxes	(76,730)	(1,156,955)	(1,224,881)	(6,380,588)
Deferred Income Tax Recovery	2,450,368	766,125	5,166,366	2,058,111
Net Income (Loss) For The Period	2,373,638	(390,830)	3,781,785	(4,322,477)
Other Comprehensive Income (Loss)				
Items to be reclassified to profit and loss				
Unrealized change in fair value of available-for-sale investments (Note 5)	3,954,338	(13,650)	8,466,232	(22,750)
Reclassification of (gain) loss realized on sale of available-for-sale investments (Note 5)	(132,188)	-	(132,188)	1,129,743
Other Comprehensive Income (Loss)	3,822,150	(13,650)	8,334,044	1,106,993
Total Comprehensive Income (Loss) for the Period	\$ 6,195,788	\$ (404,480)	\$ 12,115,829	\$ (3,215,484)
Earnings (Loss) Per Share, Basic	\$ 0.01	\$ (0.00)	\$ 0.01	\$ (0.02)
Earnings (Loss) Per Share, Diluted (Note 14(f))	\$ 0.01	\$ (0.00)	\$ 0.01	\$ (0.02)
Weighted Average Number Of Shares Outstanding, Basic	475,900,953	292,087,682	435,453,817	257,915,834
Weighted Average Number Of Shares Outstanding, Diluted (Note 14(f))	485,746,149	292,087,682	445,299,013	257,915,834

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

INTEGRA GOLD CORP.

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(Unaudited, expressed in Canadian dollars)

	Share Capital		Reserves	Accumulated Other Comprehensive Income (Loss)	Deficit	Total Equity
	Number	Amount				
Balance, November 30, 2014	210,628,198	\$ 78,650,119	\$ 5,993,291	\$ (1,129,743)	\$ (44,296,818)	\$ 39,216,849
Issue of shares for mineral properties	150,000	45,000	-	-	-	45,000
Private placements – Flow-through shares	55,778,044	15,519,903	-	-	-	15,519,903
Private placements – Non flow-through shares	72,548,300	20,313,525	-	-	-	20,313,525
Flow-through share premium	-	(2,918,725)	-	-	-	(2,918,725)
Share issue costs - cash	-	(2,018,348)	-	-	-	(2,018,348)
Share issue costs - warrants	-	(234,000)	-	-	-	(234,000)
Share-based payments – options	-	-	1,441,526	-	-	1,441,526
Share-based payments – compensation warrants	-	-	234,000	-	-	234,000
Share-based payments – warrants exercised	8,416,902	2,242,836	(167,960)	-	-	2,074,876
Share-based payments – options exercised	406,250	153,856	(71,606)	-	-	82,250
Other comprehensive loss	-	-	-	1,106,993	-	(22,750)
Net loss for the period	-	-	-	-	(4,322,477)	(4,322,477)
Balance, August 31, 2015	347,927,694	111,754,166	7,429,251	(22,750)	(48,619,295)	70,541,372
Balance, December 31, 2015	360,947,069	115,415,775	7,780,875	52,333	(50,280,900)	72,968,083
Private placements – Flow-through shares	58,515,000	39,086,550	-	-	-	39,086,550
Private placements – Non flow-through shares	16,611,895	7,570,247	-	-	-	7,570,247
Flow-through share premium	-	(12,390,450)	-	-	-	(12,390,450)
Share issue costs - cash	-	(3,611,283)	-	-	-	(3,611,283)
Share-based payments - options	-	-	585,063	-	-	585,063
Share-based payments - RSUs	-	-	675,575	-	-	675,575
Share-based payments – warrants exercised	37,471,538	11,435,514	(308,647)	-	-	11,126,867
Share-based payments – options exercised	970,500	483,449	(183,299)	-	-	300,150
Share-based payments – RSUs exercised	2,375,000	611,750	(611,750)	-	-	-
Other comprehensive income	-	-	-	8,334,044	-	8,466,232
Net income for the period	-	-	-	-	3,781,785	3,781,785
Balance, September 30, 2016	476,891,002	\$ 158,601,552	\$ 7,937,817	\$ 8,386,377	\$ (46,499,115)	\$ 128,426,631

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

INTEGRA GOLD CORP.

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited, expressed in Canadian dollars)

	Nine Months Ended	
	September 30, 2016	August 31, 2015
Operating Activities		
Net income/loss for the period	\$ 3,781,785	\$ (4,322,477)
Non-cash items:		
Depreciation	347,535	85,636
Accretion expense	74,140	18,883
Gain on provision	(600,000)	-
(Gain) loss on investments	(3,317,316)	1,311,800
Share-based compensation	906,210	1,441,526
Write-off of mineral property costs	-	319,390
Deferred income tax recovery	(5,166,366)	(2,058,111)
Changes in non-cash operating assets and liabilities:		
Sales tax recoverable and accounts receivable	45,471	(389,471)
Prepaid expenses and deposits	(530,499)	(16,713)
Inventory	(420,985)	-
Accounts payable and other financial liabilities	1,953,045	(468,087)
Cash Used In Operating Activities	(2,926,980)	(4,077,623)
Investing Activities		
Additions to property, plant and equipment	(2,026,672)	(442,524)
Exploration advances	(44,044)	(23,000)
Purchase of available-for-sale investments	(6,548,415)	-
Proceeds from sale of available-for-sale investments	763,188	227,165
Exploration costs, net of mining tax credits	(20,671,802)	(10,137,074)
Cash Used In Investing Activities	(28,527,745)	(10,375,433)
Financing Activities		
Issuance of common shares	58,083,814	37,990,554
Share issue costs	(3,479,630)	(1,711,014)
Cash Provided By Financing Activities	54,604,184	36,279,540
Net Increase In Cash and Cash Equivalents	23,149,459	21,826,484
Cash and Cash Equivalents, Beginning Of Period	16,254,647	3,599,665
Cash and Cash Equivalents, End Of Period	\$ 39,404,106	\$ 25,426,149
Cash paid for Part XII.6 tax (Note 15)	\$ 47,501	\$ 15,585

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

INTEGRA GOLD CORP.

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2016 AND AUGUST 31, 2015 *(Unaudited, expressed in Canadian dollars)*

1. NATURE OF OPERATIONS

Integra Gold Corp. (the "Company") was incorporated under the laws of the Province of British Columbia, Canada. On November 13, 2015 the Company changed its fiscal year end from May 31 to December 31 in order to better align itself with industry peers. The Company is a public company listed on the TSX Venture Exchange (the "TSX.V") trading under the symbol "ICG." The address of the Company's corporate office and principal place of business is Suite 2270, 1055 West Georgia Street, Vancouver, British Columbia, V6E 3P3.

The Company is an exploration stage resource company engaged in the acquisition and exploration of mineral properties and has not yet determined whether the properties contain ore reserves that are economically recoverable. The Company has no revenues from mineral producing operations. The operations of the Company have been funded by the issuance of common shares.

The Company currently has only one operating segment, the exploration of mineral properties in Canada. The Company currently holds a number of properties in Canada with its flagship Lamaque properties, Lamaque South and Sigma-Lamaque (together as "Lamaque"), located adjacent to the city of Val d'Or in the Province of Québec.

2. BASIS OF PRESENTATION

Statement of Compliance

These condensed interim consolidated financial statements of the Company for the three and nine months ended September 30, 2016 and August 31, 2015 were prepared in accordance with International Financial Reporting Standards ("IFRS") specifically, IAS 34 Interim Financial Reporting, as issued by the International Financial Reporting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

These condensed interim financial statements should be read in conjunction with the Company's December 31, 2015 audited annual financial statements. These condensed interim consolidated financial statements were authorized for issuance by the Audit Committee on November 29, 2016.

Basis of Consolidation

These interim consolidated financial statements include the accounts of the Company and its wholly owned subsidiary, Integra Gold (Québec) Inc. The interim financial statements of the subsidiary are prepared using consistent accounting policies and the same reporting dates as the Company. All inter-company transactions and balances are eliminated on consolidation. On October 31, 2015, 7955677 Canada Inc., a wholly owned subsidiary of the Company, was wound up and its assets were transferred to Integra Gold (Québec) Inc.

3. SIGNIFICANT ACCOUNTING POLICIES

Use of Estimates

The preparation of these condensed interim consolidated financial statements requires management to make judgments and estimates that affect the reported amounts of assets and liabilities at the date of the interim consolidated financial statements and the reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates.

There have been no material revisions to the nature and amount of judgements or estimates as reported in the Company's audited consolidated financial statements for the year ended December 31, 2015.

The significant accounting policies applied in these condensed interim consolidated financial statements are in accordance with IFRS and follow the same accounting policies and methods as described in Note 3 of the Company's audited consolidated financial statements for the year ended December 31, 2015.

INTEGRA GOLD CORP.

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2016 AND AUGUST 31, 2015 (Unaudited, expressed in Canadian dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Application of New Accounting Standards

The Company adopts new and amended IFRS pronouncements in accordance with transitional provisions outlined in the respective standards.

The following new IFRS standard was issued and adopted by the Company:

IAS 1, Presentation of Financial Statements ("IAS 1") - In December 2014, the IASB issued amendments to IAS 1 to clarify materiality, order of notes to financial statements, disclosure of accounting policies as well as aggregation and disaggregation of items presented in the statement of financial position, statement of income and statement of comprehensive income. These amendments are effective for annual reporting periods beginning on or after January 1, 2016. Earlier application was permitted.

This new standard was adopted on January 1, 2016; the application of which has had no material effect on the financial statements of the Company.

The following new IFRS standards are issued but not yet effective for the Company:

IAS 7 Statement of Cash Flows - Disclosure Initiative (Amendments to IAS 7). In January 2016, the IASB issued amendments to IAS 7 in order to enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. These amendments shall be applied to fiscal years beginning on or after January 1, 2017. Earlier application is permitted. The extent of the impact of adoption of the standard has not yet been determined.

IFRS 9 Financial Instruments - IFRS 9 (2016 edition) replaces IAS 39, IFRIC 9 and earlier versions of IFRS 9 and includes finalized guidance on the classification and measurement of financial assets. IFRS 9 is to come into effect on January 1, 2018 with early adoption permitted. The Company intends to adopt IFRS 9 in its financial statements for the annual period beginning June 1, 2018. The extent of the impact of adoption of the standard has not yet been determined.

IFRS 16 Leases - On January 13, 2016, the IASB issued IFRS 16, Leases. The standard introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognize a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. IFRS 16 is to come into effect on January 1, 2019 with early adoption permitted. The Company intends to adopt IFRS 16 in its financial statements for the annual period beginning on January 1, 2019. The extent of the impact of adoption of the standard has not yet been determined.

4. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise the following:

	September 30, 2016	December 31, 2015
Cash	\$ 1,930,254	\$ 346,206
Short-term investments	37,473,852	15,908,441
	\$ 39,404,106	\$ 16,254,647

INTEGRA GOLD CORP.

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2016 AND AUGUST 31, 2015 (Unaudited, expressed in Canadian dollars)

5. INVESTMENTS

Marketable Securities

The Company holds shares and warrants in various public companies. Shares are classified as available-for-sale (AFS) investments with fair values determined directly by reference to published market price quotations. Warrants are classified as fair value through profit or loss (FVTPL) with fair values calculated using a Black-Scholes valuation model and based on market prices of the underlying shares.

The following table summarizes information related to the Company's marketable securities as at September 30, 2016 and December 31, 2015:

	September 30, 2016	December 31, 2015
Common shares – AFS	\$ 14,559,300	\$ 124,850
Warrants – FVTPL	3,043,120	40,983
Balance, end of period	\$ 17,602,420	\$ 165,833

6. INVENTORY

Inventory consists of materials and supplies and may include spare parts, explosives and other items used in the Company's underground exploration program. Materials and supplies are valued at the lower of cost or net realizable value. Any provision for obsolescence is determined by reference to specific items of stock. A regular review is undertaken to determine the extent of any provision for obsolescence.

7. DEPOSITS

The Company holds security deposits with Hydro Québec and Gaz Metro for its Sigma-Lamaque milling facility and mines property (the "Mill Property") in Val d'Or as well as a rental deposit on its head office in Vancouver. Reclamation bonds are being held for reclamation work that must be performed on various sites on the Company's Lamaque property.

	September 30, 2016	December 31, 2015
Security deposits	\$ 176,290	\$ 175,336
Rental deposits	75,000	80,705
Reclamation bonds and accrued interest	3,613,285	3,604,285
	\$ 3,864,575	\$ 3,860,326

INTEGRA GOLD CORP.

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2016 AND AUGUST 31, 2015

(Unaudited, expressed in Canadian dollars)

8. PROPERTY, PLANT AND EQUIPMENT

	COMPUTERS	OFFICE FURNITURE AND EQUIPMENT	VEHICLES	LAND	BUILDINGS	MILL	EXPLORATION EQUIPMENT	TOTAL
Balance, May 31, 2015	\$ 140,320	\$ 70,577	\$ 33,334	\$ 500,983	\$ 527,131	\$ 2,790,558	\$ 860,018	\$ 4,922,921
Additions (adjustments)	100,384	(36,710)*	-	-	1,800,661	107,684	809,077	2,781,096
Depreciation	(28,388)	22,903*	(7,778)	-	(31,005)	-	(44,319)	(88,587)
Balance, December 31, 2015	\$ 212,316	\$ 56,770	\$ 25,556	\$ 500,983	\$ 2,296,787	\$ 2,898,242	\$ 1,624,776	\$ 7,615,430
Additions (adjustments)	17,275	13,975	16,862	-	1,137,690	9,923	1,036,479	2,232,204
Depreciation	(64,977)	(15,250)	(11,405)	-	(143,122)	-	(112,781)	(347,535)
Balance, September 30, 2016	\$ 164,614	\$ 55,495	\$ 31,013	\$ 500,983	\$ 3,291,355	\$ 2,908,165	\$ 2,548,474	\$ 9,500,099
CARRYING AMOUNTS								
December 31, 2015	\$ 212,316	\$ 56,770	\$ 25,556	\$ 500,983	\$ 1,940,381	\$ 2,898,242	\$ 1,981,182	\$ 7,615,430
September 30, 2016	\$ 164,614	\$ 55,495	\$ 31,013	\$ 500,983	\$ 3,291,355	\$ 2,908,165	\$ 2,548,474	\$ 9,500,099

*Reclassification of assets from Office Furniture and Equipment to Exploration Equipment.

INTEGRA GOLD CORP.

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2016 AND AUGUST 31, 2015 (Unaudited, expressed in Canadian dollars)

9. EXPLORATION AND EVALUATION ASSETS

	September 30, 2016		
	ACQUISITION COSTS AND OPTION PAYMENTS	DEFERRED EXPLORATION COSTS	TOTAL
Lamaque South Property, Québec	\$ 888,363	\$ 59,396,965	\$ 60,285,328
Sigma-Lamaque Property, Québec	5,443,750	7,101,943	12,545,693
Roc d'Or Extension Property, Québec	48,750	97,328	146,078
Donald Property, Québec	245,000	213,982	458,982
MacGregor Property, Québec	129,800	34,934	164,734
Bourlamaque Property, Québec	14,000	2,778	16,778
	\$ 6,769,663	\$ 66,847,930	\$ 73,617,593

	December 31, 2015		
	ACQUISITION COSTS AND OPTION PAYMENTS	DEFERRED EXPLORATION COSTS	TOTAL
Lamaque South Property, Québec	\$ 888,363	\$ 41,857,575	\$ 42,745,938
Sigma-Lamaque Property, Québec	5,443,750	5,605,353	11,049,103
Roc d'Or Extension Property, Québec	48,750	97,328	146,078
Donald Property, Québec	245,000	102,495	347,495
MacGregor Property, Québec	129,800	29,795	159,595
Bourlamaque Property, Québec	14,000	2,778	16,778
	\$ 6,769,663	\$ 47,695,324	\$ 54,464,987

10. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

The Company's accounts payable and accrued liabilities were as follows:

	September 30, 2016	December 31, 2015
Accounts Payable	\$ 1,088,015	881,226
Accrued Liabilities	2,745,539	883,535
Due to Related Parties	13,048	24,246
	\$ 3,846,602	\$ 1,789,007

Accrued liabilities at September 30, 2016, include accruals for compensation, professional fees, Part XII.6 tax, and exploration transactions. Also included is the current portion of the Company's finance lease obligations in the amount of \$176,178.

INTEGRA GOLD CORP.

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2016 AND AUGUST 31, 2015 (Unaudited, expressed in Canadian dollars)

11. DUE TO/FROM RELATED PARTIES AND RELATED PARTY TRANSACTIONS

All related party transactions were within the normal course of business and have been recorded at amounts agreed to by the transacting parties. Amounts due to related parties do not bear interest, are unsecured, and have no fixed payment terms. Amounts due from related parties may bear interest.

As at September 30, 2016, \$13,048 (August 31, 2015 - \$7,746) was owed to related parties and \$320,871 (August 31, 2015 - \$27,402) was due from related parties. Of the amounts due from related parties, \$292,221 (August 31, 2015 - \$Nil) was owed by employees and directors for withholding taxes related to issued restricted share units.

Included in office and administrative expenses are fees charged by a private company wholly owned by the Company's Corporate Secretary for the provision of corporate and accounting services. For the current period these fees amounted to \$Nil (August 31, 2015 - \$214,673).

Key Management Compensation:

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of executive and non-executive members of the Company's Board of Directors and corporate officers.

Remuneration attributed to key management personnel for the nine month period were as follows:

	September 30, 2016	August 31, 2015
Short-term employment benefits	\$ 832,370	\$ 1,126,725
Share-based payments	786,619	999,521
Total	\$ 1,618,990	\$ 2,126,246

12. RECLAMATION AND OTHER PROVISIONS

Reclamation Costs

The Company has accrued reclamation provisions for the Sigma-Lamaque property as well as for the Lamaque South property.

Changes to the reclamation and rehabilitation provision balance during the seven months ended December 31, 2015 and the nine months ended September 30, 2016 are as follows:

Balance, May 31, 2015	\$ 6,774,120
Additional reclamation estimate	1,130,819
Accretion expense	27,827
Revision to provision estimate	2,829,611
Balance, December 31, 2015	10,762,377
Accretion expense	74,140
Balance, September 30, 2016	\$ 10,836,517

The Company's estimate of its ultimate restoration, rehabilitation and environmental obligations could change due to possible changes in laws and regulations, changes in cost estimates and discount rates.

INTEGRA GOLD CORP.

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2016 AND AUGUST 31, 2015 (Unaudited, expressed in Canadian dollars)

13. COMMITMENTS

As at September 30, 2016, the Company was committed to the following payments under equipment and office lease agreements:

2016	309,813
2017	1,024,063
2018	762,343
2019	244,186
2020	25,836
	<u>\$ 2,366,241</u>

Finance Leases

The Company has entered various lease contracts which have been accounted for as finance leases. All finance leases have terms ranging from 36 to 48 months with present value calculations based on discounted cash flows using interest rates stated or implicit in the individual lease contracts.

Asset Class	Net carrying amount	Minimum lease payments	Present value	Minimum lease payments	Present value	Minimum lease payments	Present value
		Total	Total	Next 12 Months	Next 12 Months	Year 2 to Year 5	Year 2 to Year 5
Buildings	329,451	406,700	359,400	114,900	99,134	124,475	107,395
Exploration Equipment	285,063	335,327	308,177	83,832	77,044	209,579	192,610
Total	\$614,514	\$742,027	\$667,577	\$198,732	\$176,178	\$334,054	\$300,005

14. SHARE CAPITAL

- Authorized: Unlimited number of shares without par value.
- Issued: 476,891,002 (December 31, 2015 – 360,947,069) common shares were issued and outstanding, as at September 30, 2016.

Nine months ended September 30, 2016:

- On June 2, 2016, the Company closed a bought deal offering of 26,565,000 flow-through common shares at a price of \$0.87 for gross proceeds of \$23,111,550 and 8,500,000 common shares at a price of \$0.59 for gross proceeds of \$5,015,000. The Company paid \$1,888,897 in finders' fees and legal expenses in conjunction with the private placement.
- On February 11, 2016, the Company closed a bought deal offering of 31,950,000 flow-through common shares at a price of \$0.50 for gross proceeds of \$15,975,000. The Company paid \$1,214,845 in finders' fees and legal expenses in conjunction with the private placement.
- On February 11, 2016, the Company closed a private placement with Eldorado Gold Corp. ("Eldorado") whereby Eldorado purchased 8,111,895 common shares at a price of \$0.315 for gross proceeds of \$2,555,247.

INTEGRA GOLD CORP.

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2016 AND AUGUST 31, 2015 (Unaudited, expressed in Canadian dollars)

14. SHARE CAPITAL (Continued)

c) Warrants

A summary of the changes in warrants to acquire an equivalent number of shares as at September 30, 2016, December 31, 2015, and May 31, 2015 is as follows:

	WARRANTS	WEIGHTED AVERAGE EXERCISE PRICE
Warrants outstanding, May 31, 2015	50,990,608	\$ 0.30
Exercised	(11,880,970)	0.25
Expired	(1,638,100)	0.80
Warrants outstanding, December 31, 2015	37,471,538	0.30
Exercised	(37,471,538)	0.30
Warrants outstanding, September 30, 2016	-	\$ -

d) Stock Options

A summary of the changes in stock options from May 31, 2015 is as follows:

	STOCK OPTIONS	WEIGHTED AVERAGE EXERCISE PRICE
Options outstanding, May 31, 2015	18,029,500	\$ 0.27
Cancelled/expired	(25,000)	0.40
Exercised	(455,000)	0.25
Granted	4,250,000	0.33
Options outstanding, December 31, 2015	21,799,500	\$ 0.28
Cancelled/expired	(750,000)	0.20
Exercised	970,500	0.31
Granted	1,000,000	0.68
Options outstanding, September 30, 2016	21,079,000	\$ 0.30

INTEGRA GOLD CORP.

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2016 AND AUGUST 31, 2015 (Unaudited, expressed in Canadian dollars)

14. SHARE CAPITAL (Continued)

d) Stock Options (Continued)

The following weighted average assumptions were used for the Black-Scholes valuation of stock options granted during the periods ended September 30, 2016 and August 31, 2015:

	Nine months ended September 30, 2016	Nine months ended August 31, 2015
Dividend rate	0%	0%
Expected annualized volatility	77.35% - 93.21%	102.96% - 104.94%
Risk free interest rate	0.86% - 1.04%	0.95% - 1.50%
Expected life of stock options (years)	7 years	7 years
Weighted average FV of options granted	\$0.30	\$0.27

The Company had outstanding stock options as at September 30, 2016 as follows:

OPTIONS OUTSTANDING	OPTIONS EXERCISABLE	EXERCISE PRICE	WEIGHTED AVERAGE NUMBER OF YEARS TO EXPIRY	EXPIRY DATE
160,000	160,000	0.30	0.42	March 1, 2017
900,000	900,000	0.30	1.10	November 7, 2017
500,000	500,000	0.21	1.31	January 22, 2018
1,031,500	1,031,500	0.30	1.31	January 22, 2018
20,000	20,000	0.24	1.33	January 28, 2018
400,000	400,000	0.25	1.47	March 20, 2018
300,000	300,000	0.20	1.84	August 2, 2018
950,000	950,000	0.22	1.95	September 11, 2018
485,000	485,000	0.40	2.21	December 14, 2018
250,000	250,000	0.39	2.43	March 6, 2019
3,075,000	3,075,000	0.20	4.33	January 29, 2021
300,000	300,000	0.34	4.45	March 13, 2021
250,000	250,000	0.25	4.74	June 27, 2021
1,000,000	1,000,000	0.24	4.99	September 24, 2021
800,000	800,000	0.245	5.03	October 9, 2021
5,495,000	5,495,000	0.30	5.39	February 20, 2022
500,000	500,000	0.30	5.47	March 20, 2022
62,500	-	0.34	5.73	June 22, 2022
150,000	75,000	0.34	5.76	July 2, 2022
50,000	-	0.34	5.84	August 1, 2022
100,000	100,000	0.34	1.07	October 27, 2017*
200,000	50,000	0.34	6.08	October 27, 2022
3,125,000	-	0.32	6.23	December 21, 2022
175,000	-	0.38	6.38	February 15, 2023
250,000	-	0.65	6.69	June 7, 2023
125,000	-	0.70	6.71	June 15, 2023
125,000	-	0.70	6.73	June 21, 2023
125,000	-	0.85	6.76	July 4, 2023
50,000	-	0.78	6.80	July 18, 2023
125,000	-	0.90	6.88	August 15, 2023
21,079,000	16,641,500	\$ 0.30	4.45	

*100,000 exercised subsequent to the current period.

As at September 30, 2016, the weighted average remaining contractual life of the options was 4.45 years (August 31, 2015 – 5.02 years), and the weighted average exercise price was \$0.30 (August 31, 2015 - \$0.27).

INTEGRA GOLD CORP.

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2016 AND AUGUST 31, 2015 (Unaudited, expressed in Canadian dollars)

14. SHARE CAPITAL (Continued)

e) Restricted Share Units

A summary of the changes in restricted share units ("RSUs") as at September 30, 2016 and December 31, 2015 is as follows:

	<u>Restricted Share Units</u>
RSUs outstanding, May 31, 2015	4,750,000
Vested	(1,187,500)
Granted	1,325,000
RSUs outstanding, December 31, 2015	4,887,500
Cancelled	(15,000)
Vested	(2,375,000)
Granted	20,000
RSUs outstanding, September 30, 2016	2,517,500

f) Earnings per Share

Basic Earnings per Share

Basic earnings per share are calculated by dividing the net income by the weighted average number of fully paid common shares outstanding throughout the year.

Diluted Earnings per Share

In determining diluted earnings per share, the Company uses the Treasury Stock method and increases the average number of common shares outstanding by the following:

- Number of shares that would have been issued if all stock options with an exercise price below the average share price for the period had been exercised.
- Number of shares that would have been issued if all outstanding warrants with an exercise price below the average share price for the period had been exercised.
- Number of shares that would have been issued if all shares were issued pursuant to property option agreements.

The Company then decreases the average number of common shares outstanding by the number of common shares that the Company could have repurchased if it used the proceeds from the above to repurchase shares on the open market at the average share price for the period.

INTEGRA GOLD CORP.

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2016 AND AUGUST 31, 2015 (Unaudited, expressed in Canadian dollars)

14. SHARE CAPITAL (Continued)

g) Flow-Through Commitments

During the nine months ended September 30, 2016, the Company issued 58,515,000 flow-through common share for total proceeds of \$39,086,550. These expenditures are expected to be renounced on/by December 31, 2016. The total obligation net of the value of tax credits expected to be received is estimated to be approximately \$39.2 million. The Company has spent \$12.9 million in the current period, decreasing the obligation to \$26.3 million. The Company is obligated to spend the remaining balance of \$26.3 million by December 31, 2017.

During the seven months ended December 31, 2015, the Company renounced \$9,751,313 of qualifying Canadian exploration expenses ("CEE"). The total obligation inclusive of the value of tax credits expected to be received is estimated to be approximately \$12.4 million. The Company has fulfilled this obligation as at September 30, 2016.

Flow-through share premium liability is associated with the premium paid by flow-through investors, and is adjusted based on CEE incurred in the period. As CEE are incurred, the Company derecognizes the liability. Flow-through share premium liability amounted to \$8,387,979 in the current period, and as at September 30, 2016, consisted of the following:

Financing date	Liability recognition	Liability de-recognition	Outstanding liability
February 4, 2016	\$4,952,250	(\$4,002,471)	\$949,779
June 2, 2016	\$7,438,200	-	\$7,438,200
Total	\$12,390,450	(\$4,002,471)	\$8,387,979

15. SUPPLEMENTAL CASH FLOW INFORMATION

There were no material non-cash activities conducted by the Company in the nine month period ended September 30, 2016. Non-cash activities for the nine month period ended August 31, 2015 are as follows:

150,000 shares issued for exploration and evaluation assets	\$45,000
Share issuance costs – broker compensation warrants	\$234,000

Non-cash share issuance costs all related to compensation warrants granted to brokers in connection with the Company's private placements during the previous year.

INTEGRA GOLD CORP.

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2016 AND AUGUST 31, 2015 (Unaudited, expressed in Canadian dollars)

16. SCHEDULE OF EXPLORATION AND EVALUATION COSTS

NINE MONTHS ENDED SEPTEMBER 30, 2016			
	LAMAQUE GROUP, QUÉBEC	SIGMA-LAMAQUE, QUÉBEC	TOTAL
Acquisition Costs			
Opening balance-acquisition	\$ 1,325,913	\$ 5,443,750	\$ 6,769,663
Ending balance – acquisition costs	1,325,913	5,443,750	6,769,663
Exploration Costs			
Opening balance-exploration	42,089,971	5,605,353	47,695,324
Consulting	459,575	3,964	463,539
Payroll	2,996,753	131,399	3,128,152
Drilling	7,785,959	199,183	7,985,142
Reclamation and other provisions	-	(600,000)	(600,000)
Geological	1,322,886	1,294,242	2,617,128
Line cutting	-	-	-
Mapping and sampling	1,598,814	-	1,598,814
Surveys	196,705	-	196,705
Field costs and road construction	4,661,099	371,212	5,032,311
Site administration, taxes	403,700	96,590	500,290
Refundable tax credits*	(1,769,475)	-	(1,769,475)
Write-off of costs	-	-	-
Ending balance, exploration costs	59,745,987	7,101,943	66,847,930
Balance, September 30, 2016	\$ 61,071,900	\$ 12,545,693	\$ 73,617,593**

*As of September 30, 2016, the Company accrued \$1,769,475 for its Québec tax credits, related to its 2015 private placements - \$797,253 for Québec tax credits related to its April 8, 2015 private placement (\$774,048 accrued as at December 31, 2015) and \$972,222 for Québec tax credits related to its December 21, 2015 private placement (\$Nil accrued as at December 31, 2015).

**Exploration advances in the amount of \$50,727 are included in the Statement of Financial Position total.

INTEGRA GOLD CORP.

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2016 AND AUGUST 31, 2015 (Unaudited, expressed in Canadian dollars)

16. SCHEDULE OF EXPLORATION AND EVALUATION COSTS (Continued)

SEVEN MONTHS ENDED DECEMBER 31, 2015			
	LAMAQUE GROUP, QUÉBEC	SIGMA-LAMAQUE, QUÉBEC	TOTAL
Acquisition Costs			
Opening balance-acquisition	\$ 1,288,413	\$ 5,443,750	\$ 6,732,163
Property payments - cash	20,000	-	20,000
Property payments – shares	17,500	-	17,500
Ending balance – acquisition costs	1,325,913	5,443,750	6,769,663
Exploration Costs			
Opening balance-exploration	31,820,946	451,026	32,271,972
Consulting	173,037	7,699	180,736
Payroll	1,934,439	177,418	2,111,857
Drilling	3,645,299	-	3,645,299
Reclamation and other provisions	1,130,819	3,429,611	4,560,430
Geological	799,260	760,408	1,559,668
Line cutting	-	33,265	33,265
Mapping and sampling	687,329	1,849	689,178
Surveys	6,991	240	7,231
Field costs and road construction	2,963,909	684,037	3,647,946
Site administration, taxes	29,893	59,800	89,693
Refundable tax credits*	(1,101,951)	-	(1,101,951)
Write-off of costs	-	-	-
Ending balance, exploration costs	42,089,971	5,605,353	47,695,324
Balance, December 31, 2015	\$ 43,415,884	\$ 11,049,103	\$ 54,464,987

*As December 31, 2015, the Company accrued \$2,104,210 (\$1,841,833 accrued as at May 31, 2015) for Québec tax credits and 21,024 for Québec mining credits, related to its 2014 private placements. The Company also accrued \$774,048 for Québec tax credits and \$44,585 for Québec mining credits, related to its 2015 private placements.

In October and December 2015, the Company received a total of \$821,988 for its May 2014 tax credit.

INTEGRA GOLD CORP.

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2016 AND AUGUST 31, 2015 (Unaudited, expressed in Canadian dollars)

17. FINANCIAL RISK MANAGEMENT

Financial instruments are classified into one of five categories: fair value through profit or loss, held-to-maturity investments, loans and receivables, available-for-sale financial assets or other financial liabilities. All financial instruments and derivatives are measured in the statements of financial position at fair value except for loans and receivables, held-to-maturity investments and other financial liabilities which are measured at amortized cost. Subsequent measurement and changes in fair value depend on their initial classification. Fair values through profit or loss financial assets are measured at fair value and changes in fair value are recognized in net income. Available-for-sale financial instruments are measured at fair value with changes in fair value recorded in other comprehensive income or loss until the instrument is derecognized or impaired.

Disclosures about the inputs to financial instrument fair value measurements are made within a hierarchy that prioritizes the inputs to fair value measurement.

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.

The Company's financial instruments consist of the following:

Financial assets:	Classification
Cash and cash equivalents	FVTPL
Accounts receivable	Loans and receivables
Investments in marketable securities	AFS or FVTPL financial assets
Financial liabilities:	Classification
Accounts payable and accrued liabilities	Other financial liabilities

All FVTPL financial instruments use Level 1 valuation techniques while all AFS financial instruments use Level 2.

Financial instruments are exposed to credit, liquidity and market risks. Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Liquidity risks is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of price risk: currency risk, interest rate risk and other price risk.

The Company manages liquidity risk by actively pursuing additional share capital issuances to settle its obligations in the normal course of its operating, investing and financing activities. The Company's ability to raise share capital is related, among other things, to changing metal prices.

The Company is exposed to equity price risk arising from its marketable securities, which are classified as AFS or FVTPL. The Company plans to sell its marketable securities as market conditions permit, or as is required to finance the Company's operations from time-to-time.

INTEGRA GOLD CORP.

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2016 AND AUGUST 31, 2015 *(Unaudited, expressed in Canadian dollars)*

18. SUBSEQUENT EVENTS

On October 26, 2016, the Company sold equity investments for gross proceeds of \$5,110,000. The equity investments were classified as AFS; a realized gain of \$3,080,000 will be recorded in the subsequent period.