INTACT GOLD CORP.

CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE THREE AND SIX MONTHS ENDED SEPTEMBER 30, 2017

(EXPRESSED IN CANADIAN DOLLARS – UNAUDITED)

NOTICE TO READER

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim financial statements have been prepared by and are the responsibility of the management.

The Company's independent auditor has not performed a review of these financial statements in accordance with the standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

INTACT GOLD CORP.
CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian Dollars – Unaudited)

	September 30, 2017	March 31, 2017
	$	$
ASSETS		
CURRENT ASSETS		
Cash	**303,280**	23,635
Receivables (Note 3)	**8,868**	10,329
Prepaid expenses and deposits (Note 4)	**24,935**	15,667
	337,083	49,631
Equipment (Note 5)	**364**	463
Exploration and evaluation property interests (Note 6)	**588,926**	580,990
	926,373	631,084
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities (Note 7)	**124,539**	121,086
Loans payable (Note 8)	**146,200**	-
Deferred flow-through liability	**32,469**	33,264
	303,208	154,350
SHAREHOLDERS' EQUITY		
Share capital (Note 9)	**3,715,671**	3,635,671
Subscriptions receivable	**-**	(280,050)
Shares to be issued	**-**	30,000
Reserves (Note 9)	**362,046**	362,046
Accumulated deficit	**(3,454,552)**	(3,270,933)
	623,165	476,734
	926,373	631,084

Nature and continuance of operations (Note 1)
Contingency (Note 15)
Subsequent events (Note 16)

Approved and authorized by the Board on November 29, 2017.

On Behalf of the Board:

"Anthony Jackson"	"Greg Burns"
Anthony Jackson, Director	Greg Burns, Director

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

INTACT GOLD CORP.

CONDENSED INTERIM STATEMENTS OF LOSS AND COMPREHENSIVE LOSS

(Expressed in Canadian Dollars – Unaudited)

	For the three months ended September 30, 2017	2016	For the six months ended September 30, 2017	2016
ADMINISTRATIVE EXPENSES				
Advertising and promotion	**$ -**	$ -	**$ -**	$ 190,082
Depreciation (Note 5)	**49**	49	**99**	99
Filing and transfer agent fees	**20,198**	10,079	**28,853**	46,627
Investor relations	**-**	23,750	**-**	37,337
Management and director fees (Note 11)	**12,000**	13,050	**62,000**	31,045
Office and miscellaneous	**3,678**	14,480	**29,881**	34,697
Professional fees	**17,731**	10,439	**20,510**	11,913
Consulting fees	**552**	277,750	**42,791**	496,800
Stock-based compensation (Note 9)	**-**	10,587	**-**	10,587
Travel and related expenses	**280**	899	**280**	10,518
	(54,488)	(361,083)	**(184,414)**	(869,705)
OTHER ITEM				
Settlement of flow-through liabilities	**-**	-	**795**	-
	-	-	**795**	-
LOSS AND COMPREHENSIVE LOSS FOR THE PERIOD	**(54,488)**	(361,083)	**(183,619)**	(869,705)
Basic and diluted loss per common share	**$ (0.00)**	$ (0.01)	**$ (0.00)**	$ (0.02)
Weighted average common shares outstanding	**56,326,511**	46,651,994	**55,903,502**	43,410,400

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

INTACT GOLD CORP.

CONDENSED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(Expressed in Canadian Dollars – Unaudited)

	Share Capital			Reserves					
	Number	Amount	Shares to be Issued	Stock Options	Warrants	Total	Subscription Receivable	Accumulated Deficit	Total
		$	$	$	$	$	$	$	$
Balance – March 31, 2016	36,436,922	2,226,984	30,000	213,586	71,000	284,586	-	(2,200,796)	340,774
Private placement	6,716,666	635,500	(30,000)	-	114,500	114,500	-	-	720,000
Finder's fee	-	-	-	-	1,974	1,974	-	-	1,974
Share issuance costs	-	(23,813)	-	-	(1,974)	(1,974)	-	-	(25,787)
Exercise of warrants (Note 9)	2,726,000	157,850	-	-	(9,750)	(9,750)	-	-	148,100
Property acquisition	2,700,000	300,000	-	-	-	-	-	-	300,000
Stock-based compensation	-	-	-	10,587	-	10,587	-	-	10,587
Loss for the period	-	-	-	-	-	-	-	(869,705)	(869,705)
Balance – September 30, 2016	**48,579,588**	**3,296,521**	**-**	**224,173**	**175,750**	**399,923**	**-**	**(3,070,501)**	**625,943**
Balance – March 31, 2017	55,076,511	3,635,671	30,000	213,586	148,460	362,046	(280,050)	(3,270,933)	476,734
Private placement	1,000,000	50,000	-	-	-	-	-	-	50,000
Share issuance costs	250,000	30,000	(30,000)	-	-	-	-	-	-
Subscription receivable	-	-	-	-	-	-	280,050	-	280,050
Loss for the period	-	-	-	-	-	-	-	(183,619)	(183,619)
Balance – September 30, 2017	**56,326,511**	**3,715,671**	**-**	**213,586**	**148,460**	**362,046**	**-**	**(3,454,552)**	**623,165**

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

INTACT GOLD CORP.

CONDENSED INTERIM STATEMENTS OF CASH FLOWS
(Expressed in Canadian Dollars – Unaudited)

	For the six months ended September 30, 2017	2016
	$	$
CASH FLOWS USED IN OPERATING ACTIVITIES		
Loss for the period	**(183,619)**	(869,705)
Adjustments for non-cash items		
Depreciation	**99**	99
Settlement of flow-through liability	**(795)**	-
Stock-based compensation (Note 9)	**-**	10,587
Changes in non-cash operating working capital items		
Receivables	**1,461**	(20,346)
Prepaid expenses and deposits	**(9,267)**	67,562
Accounts payable and accrued liabilities	**3,452**	(2,760)
	(188,669)	(814,563)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of shares	**50,000**	871,500
Share subscription received	**280,050**	-
Shares to be issued	**-**	(30,000)
Loans received (repaid)	**146,200**	(26,500)
Share issuance costs	**-**	(23,813)
	476,250	791,187
CASH FLOWS USED IN INVESTING ACTIVITIES		
Exploration and evaluation property expenditures	**(57,936)**	(109,601)
Exploration and evaluation property recoveries	**50,000**	-
	(7,936)	(109,601)
CHANGE IN CASH	**279,645**	(132,977)
CASH, BEGINNING OF PERIOD	**23,635**	305,636
CASH, END OF PERIOD	**303,280**	172,659
Non-cash transactions		
Shares issued for property acquisitions	**-**	**300,000**
Warrants issued as finder's fees	**-**	**1,974**

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

1. NATURE AND CONTINUANCE OF OPERATIONS

Nature of operations

Intact Gold Corp. (the "Company") was incorporated under the Business Corporations Act (British Columbia) on April 3, 2007. The Company's business is to acquire and explore interests in mining projects.

The Company's head office and principal address is 800 – 1199 West Hastings Street, Vancouver, British Columbia, Canada, V6E 3T5. The Company's registered and records office is located at 800 – 1199 West Hastings Street, Vancouver, British Columbia, Canada, V6E 3T5.

Going concern

The Company's mineral property is at the exploration stage and is without a known body of commercial ore. The business of exploring for minerals and mining involves a high degree of risk. Major expenses may be required to establish ore reserves, to develop metallurgical processes, to acquire construction and operating permits and to construct mining and processing facilities. The amounts shown as exploration and evaluation property interests represent acquisition, holding and deferred exploration costs and do not necessarily represent present or future recoverable values. The recoverability of the amounts shown for exploration and evaluation property interests is dependent upon the Company obtaining the necessary financing to complete the exploration and development of the properties, the discovery of economically recoverable reserves and future profitable operations.

These financial statements have been prepared on the assumption that the Company will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations. Different bases of measurement may be appropriate if the Company is not expected to continue operations for the foreseeable future. As at September 30, 2017, the Company had not advanced its properties to commercial production and is not able to finance day to day activities through operations. The Company's continuation as a going concern is dependent upon the successful results from its mineral property exploration activities and its ability to attain profitable operations and generate funds there from and/or raise equity capital or borrowings sufficient to meet current and future obligations. The Company may require additional financing for the upcoming fiscal year in order to maintain its operations and exploration activities and there are no assurances that the Company will be successful in raising additional capital on commercially reasonable terms or at all. These material uncertainties may cast significant doubt about the Company's ability to continue as a going concern. Management intends to finance operating costs over the next twelve months with current cash on hand, proceeds from the exercise of options and warrants, and further private placements, if available.

The financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue in existence.

2. SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

These unaudited condensed interim financial statements, including comparatives, have been prepared in accordance with International Accounts Standards ("IAS") 34, "Condensed Interim Financial Reporting" using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and Interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC").

These unaudited condensed interim financial statements do not include all of the information required of a full annual financial report and is intended to provide users with an update in relation to events and transactions that are significant to an understanding of the changes in financial position and performance of the Company since the end of the last annual reporting period. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Company for the year ended March 31, 2017.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Statement of compliance (continued)

These unaudited condensed interim financial statements of the Company for the period ended September 30, 2017 were approved and authorized for issue by the Board of Directors on November 29, 2017.

Basis of preparation

These unaudited condensed interim financial statements of the Company have been prepared on an accrual basis and are based on historical costs, modified where applicable. The financial statements are presented in Canadian dollars unless otherwise noted.

Foreign currency translation

The functional currency of an entity is the currency of the primary economic environment in which the entity operates. The functional currency of the Company is the Canadian dollar and was determined through an analysis of the consideration factors identified in International Accounting Standards ("IAS") 21, *The Effects of Changes in Foreign Exchange Rates.*

Transactions in currencies other than Canadian dollars are recorded at exchange rates prevailing on the dates of the transactions. At the end of each reporting period, monetary assets and liabilities denominated in foreign currencies are translated at the period end exchange rate while non-monetary assets and liabilities are translated at historical rates. Revenues and expenses are translated at the exchange rates approximating those in effect on the date of the transactions. Exchange gains and losses arising on translation are included in profit or loss.

Use of estimates

The preparation of financial statements in conformity with IFRS requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported revenues and expenses during the period.

Although management uses historical experience and its best knowledge of the amount, events or actions to form the basis for judgments and estimates, actual results may differ from these estimates.

The most significant accounts that require estimates as the basis for determining the stated amounts include the recoverability of exploration and evaluation assets and the recoverability and measurement of deferred tax assets and liabilities.

Critical judgments exercised in applying accounting policies that have the most significant effects on the amounts recognized in the financial statements are as follows:

<u>Economic recoverability and probability of future economic benefits of exploration and evaluation assets</u>

Management has determined that exploration, evaluation, and related costs incurred which were capitalized may have future economic benefits and may be economically recoverable. Management uses several criteria in its assessments of economic recoverability and probability of future economic benefits including, geologic and other technical information, a history of conversion of mineral deposits with similar characteristics to its own properties to proven and probable mineral reserves, the quality and capacity of existing infrastructure facilities, evaluation of permitting and environmental issues and local support for the project.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Use of estimates (continued)

Information about assumptions and estimations uncertainties that have a significant risk of resulting in material adjustments are as follow:

Valuation of share-based compensation

The Company uses the Black-Scholes Option Pricing Model for valuation of share-based compensation. Option pricing models require the input of subjective assumptions including expected price volatility, interest rate, and forfeiture rate. Changes in the input assumptions can materially affect the fair value estimate and the Company's earnings and equity reserves.

Income taxes

In assessing the probability of realizing deferred tax assets, management makes estimates related to expectation of future taxable income, applicable tax opportunities, expected timing of reversals of existing temporary differences and the likelihood that tax positions taken will be sustained upon examination by applicable tax authorities. In making its assessments, management gives additional weight to positive and negative evidence that can be objectively verified.

Equipment

Equipment is stated at historical cost less accumulated depreciation and accumulated impairment losses.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to the statement of loss and comprehensive loss during the financial period in which they are incurred.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized in profit or loss.

Depreciation is calculated using a declining balance method. The depreciation rates applicable to each category of equipment are as follows:

Computer equipment: 30% declining balance

Exploration and evaluation property interests

Pre-exploration costs are expensed as incurred.

Costs directly related to the exploration and evaluations of mineral properties are capitalized once the legal rights to explore the mineral properties are acquired or obtained. When the technical and commercial viability of a mineral resource has been demonstrated and a development decision has been made, the capitalized costs of the related property are transferred to mining assets and depreciated using the units of production method on commencement of commercial production.

If it is determined that capitalized acquisition, exploration and evaluation costs are not recoverable, or the property is abandoned or management has determined impairment in value, the property is written down to its recoverable amount. Mineral properties are reviewed for impairment when facts and circumstances suggest that the carrying amount may exceed its recoverable amount.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Restoration and environmental obligations

The Company recognizes liabilities for statutory, contractual, constructive or legal obligations associated with the retirement of long-term assets, when those obligations result from the acquisition, construction, development or normal operation of the assets. The net present value of future restoration cost estimates arising from the decommissioning of plant and other site preparation work is capitalized to exploration and evaluation property interests along with a corresponding increase in the restoration provision in the period incurred. Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value. The restoration asset will be depreciated on the same basis as other mining assets.

The Company's estimates of restoration costs could change as a result of changes in regulatory requirements, discount rates and assumptions regarding the amount and timing of the future expenditures. These changes are recorded directly to the related asset with a corresponding entry to the restoration provision. The Company's estimates are reviewed annually for changes in regulatory requirements, discount rates, effects of inflation and changes in estimates.

Changes in the net present value, excluding changes in amount and timing of the Company's estimates of reclamation costs, are charged to profit and loss for the period.

The net present value of restoration costs arising from subsequent site damage that is incurred on an ongoing basis during production are charged to profit or loss in the period incurred.

As at September 30, 2017 and March 31, 2017 there were no significant restoration and environmental obligations.

Income taxes

Current income tax assets and liabilities for the current period 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.

Current income tax relating to items recognized directly in other comprehensive loss or equity is recognized in other comprehensive loss or equity and not in profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations where applicable tax regulations are subject to interpretation and establishes provisions where applicable.

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

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- Where the deferred tax liability arises from the initial recognition of goodwill or 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 (tax loss).

- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled by the parent, investor or venturer and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, the carry-forward of unused income tax credits and any unused income tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused income tax credits and unused income tax losses can be utilized.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Share capital

Financial instruments issued by the Company are classified as shareholders' equity (deficit) only to the extent that they do not meet the definition of a financial liability or financial asset. The Company's common shares, share warrants, and options are classified as equity instruments.

Incremental costs directly attributable to the issue of new shares or options are recognized as a deduction from shareholders' equity, net of tax.

Valuation of equity units issued in private placements

The Company has adopted a residual value method with respect to the measurement of shares and warrants issued as private placement units. The residual value method first allocates value to the more easily measurable component based on fair value and then the residual value, if any, to the less easily measurable component.

The fair value of the common shares issued in private placements is determined to be the more easily measurable component and are valued at their fair value, as determined by the closing price on the issuance date. The excess, if any, is allocated to the attached warrants. Any value attributed to the warrants is recorded to reserves. If the warrants expire unexercised, the value attributed to the warrants is transferred to accumulated deficit.

The Company will from time to time, issue flow-through common shares to finance a significant portion of its exploration program. Pursuant to the terms of the flow-through share agreements, these shares transfer the tax deductibility of qualifying resource expenditures to investors. On issuance, the Company bifurcates the flow-through share into (i) a flow-through share premium, equal to the estimated premium, if any, investors pay for the flow-through feature, which is recognized as a liability and (ii) share capital. Upon expenses being incurred, the Company derecognizes the liability on a pro-rata basis and recognizes a deferred tax liability for the amount of tax reduction renounced to the shareholders. The premium is recognized as other income and the related deferred tax recognized as a tax provision.

Proceeds received from the issuance of flow-through shares are restricted to be used only for Canadian resource property exploration expenditures within a two-year period. The portion of the proceeds received but not yet expended at the end of the Company's period is disclosed separately as flow-through share proceeds.

The Company may also be subjected to a Part XII.6 tax on flow-through proceeds renounced under the Look-back Rule, in accordance with Government of Canada flow-through regulations. When applicable, this tax is accrued as a financial expense until paid.

Share-based compensation

The Company operates an employee stock option plan. Share-based compensation to employees are measured at the fair value of the instruments issued and amortized over the vesting periods. Share-based compensation to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined that the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The corresponding amount is recorded to the stock option reserve. The fair value of options is determined using a Black-Scholes option pricing model which incorporates all market vesting conditions. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognized for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.

The Company transfers the value of expired unexercised vested stock options to accumulated deficit from reserves on the date of expiration.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Loss per share

Basic loss per share is computed by dividing the loss available to common shareholders by the weighted average number of shares outstanding during the reporting period. Diluted loss per share is computed similar to basic loss per share except that the weighted average shares outstanding are increased to include additional shares for the assumed exercise of stock options and warrants, if dilutive. The number of additional shares is calculated by assuming that outstanding stock options and warrants were exercised and that the proceeds from such exercises were used to acquire common stock at the average market price during the reporting periods. As at September 30, 2017, all of the Company's 924,998 (2016 –1,481,664) stock options and 28,965,489 (2016 – 23,558,566) warrants were anti-dilutive and therefore excluded from the diluted loss per share calculation.

Financial instruments

Financial assets

The Company classifies its financial assets into one of the following categories as follows:

Fair value through profit or loss – This category comprises derivatives and financial assets acquired principally for the purpose of selling or repurchasing in the near term. They are carried at fair value with changes in fair value recognized in profit or loss. The Company classifies cash as fair value through profit or loss.

Loans and receivables – These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are carried at amortized cost using the effective interest method less any provision for impairment. The Company classifies receivables as loans and receivables.

Held-to-maturity investments – These assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company's management has the positive intention and ability to hold to maturity. These assets are measured at amortized cost using the effective interest method less any provision for impairment.

Available-for-sale – Non-derivative financial assets not included in the above categories are classified as available-for-sale. They are carried at fair value with changes in fair value recognized in other comprehensive income (loss). Where a decline in the fair value of an available-for-sale financial asset constitutes objective evidence of impairment, the amount of the loss is removed from accumulated other comprehensive income (loss) and is recognized in profit or loss.

All financial assets except those measured at fair value through profit or loss are subject to review for impairment at least at each reporting date. Financial assets are impaired when there is objective evidence of impairment as a result of one or more events that have occurred after initial recognition of the asset and that event has an impact on the estimated future cash flows of the financial asset or the group of financial assets.

Financial liabilities

The Company classifies its financial liabilities into one of two categories as follows:

Fair value through profit or loss – This category comprises derivatives and financial liabilities incurred principally for the purpose of selling or repurchasing in the near term. They are carried at fair value with changes in fair value recognized in profit or loss.

Other financial liabilities – This category consists of liabilities carried at amortized cost using the effective interest method, and includes accounts payable and accrued liabilities, loans payable and due to related parties.

As at September 30, 2017 and March 31, 2017, the Company does not have any derivative financial assets and liabilities.

(Expressed in Canadian Dollars – Unaudited)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of assets

The carrying amount of the Company's assets (which include equipment and exploration and evaluation property interests) are reviewed at each reporting date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. An impairment loss is recognized whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognized in the statement of loss and comprehensive loss.

The recoverable amount of assets is the greater of an asset's fair value less cost to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash generating unit to which the asset belongs.

An impairment loss is only reversed if there is an indication that the impairment loss may no longer exist and there has been a change in the estimates used to determine the recoverable amount, however, not to an amount higher than the carrying amount that would have been determined had no impairment loss been recognized in previous years.

Assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment.

Accounting pronouncements not yet adopted

A number of new standards, amendments to standards and interpretations applicable to the Company are not yet effective for the period ended September 30, 2017 and have not been applied in preparing these financial statements. The Company is currently considering the possible effects of the new and revised standards which will be effective to the Company's financial statements for the year ending March 31, 2018 or later:

a) *IFRS 9 – Financial Instruments: Classification and Measurement* applies to classification and measurement of financial assets and liabilities as defined in IAS 39. This amendment is effective for annual periods beginning on or after January 1, 2018 with early adoption permitted. The Company does not expect any effect on its financial statements from the adoption of this standard.

b) *IFRS 7 – Financial Instruments: Disclosures* amended to require additional disclosure on transition from IAS 39 to IFRS 9. The Company does not expect any effect on its financial statements from the adoption of this standard.

c) *IFRS 16 – Leases* specifies the recognition, measurement, presentation and disclosure of leases. This standard is effective for annual periods beginning on or after January 1, 2019. The Company is currently assessing any effect on its financial statements from the adoption of this standard.

3. RECEIVABLES

The following table shows the breakdown of the Company's accounts receivable as of September 30, 2017 and March 31, 2017:

	September 30, 2017	March 31, 2017
	$	$
Taxes receivable	**8,868**	6,829
Other receivables	**-**	3,500
Total receivables	**8,868**	10,329

(Expressed in Canadian Dollars – Unaudited)

4. PREPAIDS AND DEPOSITS

The following table shows the breakdown of the Company's prepaid expenses as of September 30, 2017 and March 31, 2017:

	September 30, 2017	March 31, 2017
	$	$
Legal Fees	**3,802**	-
Insurance	**6,133**	667
Exploration expenses	**15,000**	15,000
Total prepaid expenses	**24,935**	15,667

5. EQUIPMENT

	Computer equipment
	$
Cost:	
Balance at March 31, 2015, 2016, 2017 and September 30, 2017	3,236
Accumulated depreciation:	
Balance at March 31, 2016	2,575
Charge for the period	198
Balance at March 31, 2017	2,773
Charge for the period	99
Balance at September 30, 2017	2,872
Net book value:	
Balance at March 31, 2017	463
Balance at September 30, 2017	**364**

6. EXPLORATION AND EVALUATION PROPERTY INTERESTS

Title to mineral properties

Title to mineral property interests involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyance history characteristic of many mineral property interests. The Company has investigated title to all of its mineral property interests and to the best of management's knowledge, title to all of its properties are in good standing and free of material defect.

6. EXPLORATION AND EVALUATION PROPERTY INTERESTS (continued)

Belleterre Extreme East Property and Ortona Property

On May 9, 2016, the Company entered an agreement with Caprock Ventures Corp ("Caprock"). Pursuant to the terms of the agreement, the Company may acquire a 100% in the Belletere Extreme East Property and the Ortona Property located in Quebec, Canada.

By way of consideration, the Company made cash payments totaling $25,000 and issued 1,500,000 shares. An additional 500,000 shares may be issued to the optionor if certain targets are met. Exploration expenditures of $500,000 are required within three years. The properties are subject to a 0.5% NSR, which the Company may repurchase for $500,000.

The original vendors of the properties also retain NSRs (1% NSR on the Ortona Property, which may be repurchased for $1,000,000, and 3.5% NSR on the Belleterre Extreme East Property, whereby the Company may repurchase the first 2% for $1,000,000 and the remaining 1.5% for $750,000 at any time).

Guillet Property

On April 18, 2016, the Company entered into an agreement whereby Caprock has granted the Company the option to acquire an undivided 100% interest in and to certain mineral claims (the "Guillet Property" or the "property"), located near the town of Belleterre, Temiscamingue, Quebec.

The Company paid to Caprock an aggregate amount of $50,000, issued 1,000,000 shares, and will incur $500,000 in exploration expenditures by December 31, 2019. The property is subject to a 0.5% NSR on future gold production, which includes advance royalty payments of $25,000 annually beginning on December 31, 2020, to Caprock. The Company has the option at any time to purchase 0.5% of the NSR for payment of $500,000 to Caprock.

The original vendors of the property will retain a 3.5% NSR on the Guillet Property. The Company has the right to purchase the first 1% for $1,000,000, the second 1% for $1,500,000 and the third 1.0% for $2,000,000 at any time.

Gold Hill – Blackjack Property

On February 3, 2016, the Company entered into an agreement with King's Bay Gold Corporation to acquire an undivided 100% interest in and to certain mineral claims (collectively, the "Gold Hill – Blackjack Property"), located in the Kenora Mining Division of Ontario.

As per property acquisition agreement, the consideration paid by the Company comprised the payment of $10,000 upon TSX-V approval, the issuance of 200,000 common shares within 10 days of TSX-V approval, and the issuance of 200,000 warrants exercisable at $0.1725 over a period of two years.

A NSR of 2% is payable on future gold production whereby the Company can buy back one half of the NSR at any time by paying $1,000,000 to the original vendors.

The Company entered into an option agreement on May 9, 2017 with Westridge Resources Inc., a B.C. company, to option out a 100-per-cent right, title and interest in Black Jack gold property.

Terms of agreement:

Under the terms of the agreement, the Company irrevocably grants to Westridge the sole and exclusive right and option to acquire a 100-per-cent right, title and interest in the property, free of all encumbrances, on the following terms:

Westridge will pay the Company up to $155,000 in cash on the following schedule:

(i) $50,000 upon the effective date of this agreement; (received)

6. EXPLORATION AND EVALUATION PROPERTY INTERESTS (continued)

Gold Hill – Blackjack Property (continued)

(i) $5,000 after 12 months; and
(ii) $50,000 every 12 months thereafter for two years.

Westridge will issue to the Company up to 100,000 common shares in the capital of Westridge on the following schedule:

(i) 50,000 common shares 12 months after the effective date of this agreement;
(ii) 50,000 common shares every 12 months thereafter for two years.

The option will not be exercisable until Westridge has met all of the conditions set out in sections 2(a) and 2(b); Upon satisfaction of the conditions, the option shall be exercisable at any time by Westridge by providing notice in writing to the Company.

The option granted pursuant to Section 1 will be of no further force or effect and shall automatically terminate if Westridge has not met the conditions.

Upon delivery of the exercise notice, the Company will transfer 100 per cent of the legal title to the property to Westridge.

Green Horn Property

On July 17, 2015, the Company finalized an option agreement on the Green Horn property whereby the optionors granted the Company an option to acquire an undivided 100% interest in and to certain mineral claims (the Green Horn property), located in the Slocan mining district of British Columbia in consideration of $375,000 over a period of four years.

The Green Horn property is subject to a 3% net smelter royalty (“NSR”). The Company has the option at any time prior to the fourth anniversary of the date of the agreement to purchase 1% of the royalty at a cost of $1,000,000.

During the year ended March 31, 2016, the Company paid $10,000 for property acquisition costs.

The Company allowed the Green Horn option agreement to lapse and had accordingly charged $13,020 to operations for the year ended March 31, 2016.

Gold Basin Property

On January 31, 2012, the Company completed its Qualifying Transaction through the closing of an amended and restated option agreement dated October 31, 2011 (the “Option Agreement”) with Aurumbank Incorporated (“Aurumbank”), Watering Hole Productions Inc. (“Watering Hole”), and Nevada Pacific Mining Inc. (“Nevada Pacific”) (collectively, the “optionors”), pursuant to which Nevada Pacific and Watering Hole granted the Company an option to acquire a 100% interest, and Aurumbank granted the Company an option to acquire a 50% interest, in their respective interests in certain mineral rights and unpatented mining claims located in the Gold Basin Mining District, located in Mohave County, Arizona.

On March 1, 2013, the Company received notice from the optionors that the Company was allegedly in breach of the option agreement as the Company had not incurred the required $275,000 in exploration expenditures. The optionors further advised that they intend to pursue arbitration to determine the matter (Note 15).

The Company received a default judgement with regard to the option agreement, and decided to write down the property to $1 during the year ended March 31, 2015 and subsequently completely wrote off the property in fiscal year 2016.

(Expressed in Canadian Dollars – Unaudited)

6. EXPLORATION AND EVALUATION PROPERTY INTERESTS (continued)

Expenditures related to the Company's exploration and evaluation property interests are as follows:

	Belleterre/ Ortona Property	Guillet Property	Gold Hill Blackjack Property	Total
	$	$	$	$
Balance as at March 31, 2016	-	-	-	-
Property acquisition and staking costs	145,000	210,000	40,910	395,910
Exploration expenditures				
Geological consulting and engineering	159,877	-	25,203	185,080
Balance as at March 31, 2017	**304,877**	**210,000**	**66,113**	**580,990**
Exploration expenditures				
Geological consulting and engineering	57,936	-	-	57,936
Recoveries	-	-	(50,000)	(50,000)
Balance as at September 30, 2017	**362,813**	**210,000**	**16,113**	**588,926**

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

The following table shows the breakdown of the Company's accounts payable and accrued liabilities as of September 30, 2017 and March 31, 2017:

	September 30, 2017	March 31, 2017
	$	$
Accounts payable	**124,539**	108,959
Accrued liabilities	**-**	12,127
Total	**124,539**	121,086

8. LOANS PAYABLE

During the six months ended September 30, 2017, the Company received a loan of $102,500 and $11,000 from a third party. During the six months ended September 30, 2017, the Company repaid $11,000 in loans payable. These loans are non-interest bearing with no specified terms of repayment.

9. SHARE CAPITAL AND RESERVES

Authorized share capital

The Company is authorized to issue an unlimited number of common shares without par value.

Issued share capital

On July 24, 2015, the Company closed a non-brokered private placement offering pursuant to which it sold an aggregate of 4,400,000 common shares at a price of $0.025 per share, for gross proceeds of $110,000.

9. SHARE CAPITAL AND RESERVES (continued)

Issued share capital (continued)

The Company paid a finder's fee of 360,000 shares at a fair value of $0.025 per finder's share and 360,000 warrants exercisable into shares at a price of $0.025 per finder's warrant share for a period of five years after the issuance of finder's warrants. These finder's warrants were valued at $1,800. On July 24, 2015, the Company settled an outstanding debt with a director and officer of the Company in the amount of $27,500 by the issuance of 1,100,000 common shares at a fair value of $22,000 resulting in a gain on settlement of $5,500.

On September 11, 2015, the Company settled outstanding debt in the aggregate amount of $102,000 by the issuance of 4,080,000 common shares at a fair value of $71,400 resulting in a gain on settlement of $30,600. The debt was originally owed to the former director and officer of the Company with respect to management fees. The debt was assigned to third-party creditors.

On November 25, 2015, the Company issued 14,200,000 units at a price of $0.025 per unit for gross proceeds of $355,000. Each unit consists of one common share of the Company and one common share purchase warrant. Each warrant entitles the holder to purchase one additional common share of the Company until November 25, 2017, at a price of $0.05.

On January 14, 2016, the Company issued 6,800,000 units at a price of $0.075 per unit for gross proceeds of $510,000. Each unit consists of one common share of the Company and one common share purchase warrant. Each warrant entitles the holder to purchase one additional common share of the Company until January 13, 2018, at a price of $0.10.

On May 17, 2016, the Company issued 2,800,000 units at a price of $0.125 per unit for gross proceeds of $350,000. Each unit comprises one common share and one-half of one common share purchase warrant. Each whole warrant entitles the holder to acquire one additional common share until May 17, 2018 at a price of $0.175. In connection with closing of the private placement, the Company paid certain finder's fees: $2,813 cash and 32,900 purchase warrants (the "finder's warrants") valued at $1,974. Each finder's warrant entitles the holder to purchase one additional common share at a price of $0.175 until May 17, 2018.

On May 19, 2016, the Company issued 1,250,000 units at a price of $0.16 per unit for gross proceeds of $200,000. Each unit comprises one flow-through common share and one-half of one common share purchase warrant. Each whole warrant entitles the holder to acquire one additional common share until May 19, 2018 at a price of $0.20. In connection with closing of the private placement, the Company paid certain finder's fees: $18,000 cash and a settlement fee of $2,500. The securities issued under the private placement are subject to a hold period expiring on September 20, 2016.

On May 5, 2016, the Company issued 1,000,000 shares for the acquisition of the Guillet Property (Note 6). The fair value of these shares amounts to $160,000.

On May 24, 2016, the Company issued 200,000 shares for the acquisition of the Gold Hill – Blackjack Property (Note 6). The fair value of these shares amounts to $20,000.

On June 23, 2016, the Company issued 1,500,000 shares for the acquisition of the Belleterre Extreme East Property and the Ortona Property (Note 6). The fair value of these shares amounts to $120,000.

On August 12, 2016, the Company closed a private placement and issued 2,666,666 units at a price of $0.075 per unit for gross proceeds of $200,000. Each unit comprises one common share and one common share purchase warrant. Each whole warrant entitles the holder to acquire one additional common share until August 12, 2018, at a price of $0.10.

On March 31, 2017, the Company closed a non-brokered private placement consisting of 3,076,923 non-flow-through units at a price of $0.065 cents per unit, for gross proceeds of $200,000. Each unit comprises one common share and

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9. SHARE CAPITAL AND RESERVES (continued)

Issued share capital (continued)

one common share purchase warrant. Each whole warrant entitles the holder to acquire one additional common share for a period of two years at a price of $0.10. The Company recognized a value for the warrants of $61,538 using the residual value method. Concurrently, finders' fees of $17,750 were paid, 250,000 finders' shares were issued, valued at $30,000, and 250,000 finders' warrants exercisable for two years at a price of $0.10 were issued, valued at $2,968. The finders' warrants were valued using the Black-Scholes valuation model using a volatility of 105%, a risk-free rate of 0.62%, an expected life of two years and a dividend rate of zero. The Company also closed the other non-brokered private placement of 3,000,000 flow-through units at a price of $0.075 per unit, for gross proceeds of $225,000. Each unit comprises one common share and one half common share purchase warrant. Each whole warrant entitles the holder to acquire one additional common share for a period of two years from issuance date at a price of $0.12. The Company recognized a flow through share premium on issuance of $30,000 using the residual value method. The Company had subscriptions receivable on this financing of $280,050 at March 31, 2017. Further, the 250,000 finders' shares valued at $30,000 were issued subsequent to year end.

During the year ended March 31, 2017, 360,000 warrants were exercised at $0.025, 416,000 warrants were exercised at $0.10 and 2,370,000 warrants were exercised at $0.05. Shares were issued for a total consideration of $169,100. The fair value of $13,930 attributed to exercised warrants was reversed accordingly.

On May 23, 2017, the Company closed a non-brokered private placement consisting of 1,000,000 non-flow-through units at a price of $0.05 per unit for gross proceeds of $50,000. Each unit comprises of one common share and one common share purchase warrant. The warrants can be exercised at a price of $0.05 and expires one year after the issuance date. The Company recognized a flow-through liability of $7,500 for the issuance of these shares.

Share purchase warrants

A summary of share purchase warrant activities are as follows:

	Number of warrants	Weighted average exercise price
Outstanding and exercisable at March 31, 2015	**1,036,666**	**$0.4500**
Warrants expired	(1,036,666)	$0.4500
Warrants issued	21,360,000	$0.0650
Outstanding and exercisable at March 31, 2016	**21,360,000**	**$0.0660**
Warrants exercised	(3,146,000)	$0.0540
Warrants issued	9,751,489	$0.1230
Outstanding and exercisable at March 31, 2017	**27,965,489**	**$0.0867**
Warrants issued	1,000,000	$0.0500
Outstanding and exercisable at September 30, 2017	**28,965,489**	**$0.0854**

(Expressed in Canadian Dollars – Unaudited)

9. SHARE CAPITAL AND RESERVES (continued)

Share purchase warrants (continued)
A summary of the share purchase warrants outstanding at September 30, 2017 is as follows:

Warrants outstanding and exercisable	Exercise price	Expiry date
	$	
11,830,000	0.0500	November 25, 2017
6,384,000	0.1000	January 13, 2018
1,432,900	0.1750	May 17, 2018
625,000	0.2000	May 19, 2018
200,000	0.1725	May 24, 2018
2,666,666	0.1000	August 12, 2018
1,500,000	0.1200	March 31, 2019
3,076,923	0.1000	March 31, 2019
250,000	0.1200	March 31, 2019
1,000,000	0.0500	May 23, 2018
28,965,489	**0.0854**	

The weighted average life of warrants outstanding at September 30, 2017 is 0.52 years.

Stock options

The following table summarizes the options outstanding at September 30, 2017:

Options outstanding and exercisable	Exercise price	Expiry date
	$	
351,666	0.3000	February 10, 2021
116,666	0.3000	January 27, 2022
456,666	0.3750	March 23, 2022
924,998	**0.3370**	

The weighted average life of stock options outstanding at September 30, 2017 was 4.04 years.

10. SUPPLEMENTAL DISCLOSURES WITH RESPECT TO CASH FLOWS

During the three months ended June 30, 2017:

- Issued common shares as finder's fee valued at $30,000.

During the three months ended June 30, 2016:

- Issued shares for property acquisition valued at $300,000.
- Warrants issued as finder's fees valued at $1,974.

11. RELATED PARTY TRANSACTIONS

During the six months ended September 30, 2017, the Company entered into the following transactions with key management personnel (senior officers and directors), not disclosed elsewhere in these financial statements:

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11. RELATED PARTY TRANSACTIONS (continued)

	For the six months ended September 30,	
	2017	2016
	$	$
Management and director fees	**61,470**	31,045
Stock-based compensation	**-**	10,587
Total	**61,470**	41,632

As at September 30, 2017, the Company recognized accounts payable owing to a company controlled by a director and officer of the Company of $61,470 (March 31, 2017 - $23,945).

During the year ended March 31, 2017, loan repayments amounting to $26,500 were made to a family member of an officer (2016 - $Nil) (Note 8). Also during the year ended March 31, 2017, the Company incurred $6,000 in consulting fees to a family member of an officer (2016 - $Nil). At March 31, 2017, the Company had other receivables from a family member of an officer of $3,500 (2016 - $Nil) (Note 3), which was repaid during the six months ended September 30, 2017.

During the period March 31, 2017 to September 30, 2017, the Company recognized accounts payable to a company controlled by a director and officer of the Company for a total amount of $50,000.

During the six months ended September 30, 2017, the Company received loans of $1,500, $10,000, $1,000, $6,500, $2,000, $35,000, and $200 from a company controlled by a director and officer of the Company. Also during the period, the Company paid back loans to a company controlled by a director and officer of the Company in the amount of $12,900. The loans are non-interest bearing with no specific terms of interest or repayment. The loans are non-interest bearing with no specific terms of interest or repayment.

12. FLOW-THROUGH PREMIUM LIABILITY

The Company issued 1,000,000 flow-through shares during the quarter ended June 30, 2017 for a total amount of $50,000. A deferred flow-through premium of $7,500 was recognized during the period, which increased the flow-through liability to $40,764. During the same period $55,300 was spent on exploration leading to a decrease in liability of $8,295. The ending balance of the flow-through liability at the end of the quarter is $32,469. The Company is still required to spend $216,460 in eligible exploration expenditures as at June 30, 2017 relating to flow-through shares.

During the year ended March 31, 2017, the Company issued 4,250,000 flow-through units for gross proceeds of $425,000 and recognized a deferred flow-through premium of $73,750. Of this amount, $40,486 (2016 - $Nil) was recognized as other income during the year based on expenditures incurred (2016 - $Nil). As at March 31, 2017, the flow-through premium liability outstanding relating to these flow-through shares was $33,264.

13. FINANCIAL INSTRUMENTS & RISK MANAGEMENT

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.

The fair value of the Company’s receivables, accounts payable and accrued liabilities, loans payable and due to related parties approximate their carrying values. The Company’s other financial instruments, being cash, are measured at fair value using Level 1 inputs.

13. FINANCIAL INSTRUMENTS & RISK MANAGEMENT (continued)

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board of Directors approves and monitors the risk management processes, inclusive of documented investment policies, counterparty limits, and controlling and reporting structures. The type of risk exposure and the way in which such exposure is managed is provided as follows:

(a) Credit risk:

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is on its cash held in bank accounts. The Company has deposited the cash with its bank from which management believes the risk of loss is remote. The majority of the Company's receivables are amounts receivable from the Canada Revenue Agency for excise tax credits and as such, the credit risk is minimal.

(b) Liquidity risk:

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company's approach to managing liquidity is to ensure that it will have sufficient liquidity to meet liabilities when due. Accounts payable and accrued liabilities are due within the current operating period. The Company's liquidity risk from financial instruments is its need to meet accounts payable and accrued liabilities. The Company will require additional financing for the upcoming fiscal year in order to maintain its operations and satisfy its liabilities.

(c) Market risk:

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

(d) Interest rate risk:

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to interest rate risk, from time to time, on its cash balances. Surplus cash, if any, is placed on call with financial institutions and management actively negotiates favorable market related interest rates.

14. CAPITAL DISCLOSURE AND MANAGEMENT

The Company considers its capital structure to include the components of shareholders' equity. Management's objective is to ensure that there is sufficient capital to minimize liquidity risk and to continue as a going concern. As an exploration stage company, the Company is currently unable to self-finance its operations.

Although the Company has been successful in the past in obtaining financing through the sale of equity securities, there can be no assurance that the Company will be able to obtain adequate financing in the future, or that the terms of such financings will be favourable.

The Company's share capital is not subject to any external restrictions and the Company did not change its approach to capital management during the year.

15. CONTINGENCY

The Company had received correspondence from a group of shareholders of Aurumbank in which such shareholders notified the Company that they have commenced a lawsuit against a current director of Aurumbank alleging breach of fiduciary duty against such director. Although no such threat of litigation has been made against the Company, the Company may be included as a party in such litigation and portions of its Gold Basin property may become the subject of any such lawsuit. Although the Company believes that any such litigation will not have any significant effect on the option agreement or its right to the property, any such litigation may be time consuming and costly, and, as with all litigation, there is no guarantee of success. Should any such litigation be determined adversely to the Company, such litigation may have a material and adverse effect on the Company's ongoing operations and financial condition.

In addition, due to the dispute between the shareholders and the director of Aurumbank and the repeated failures to respond to requests for information made by the Company to the director of Aurumbank, the Company has been unable to obtain access to critical records and technical data regarding the property. As a result, the Company has been unable to properly identify mineral exploration targets on the property and has been effectively prohibited from pursuing its exploration and development program. The Company has accordingly deferred further activities and expenditures on the property until the dispute are settled. The Company gave notice to the optionors to this effect on January 25, 2013. In addition, the Company has provided notice that it wishes the outstanding items under the Option Agreement to be sent to arbitration in the Province of British Columbia.

The Company had been advised by the optionors that, by reason of the Company's failure to pursue its exploration and development program on the property, the option agreement has effectively been terminated and that the Company had until July 30, 2013 to retrieve any equipment, machinery or supplies brought onto the property.

On April 24, 2014, the Company was advised by the optionors that unless the Company returned an executed quit claim deed within an imposed time frame, the optionors would proceed with judicial action to quiet title to the property.

On August 6, 2014, the Company was served a summon, certificate on compulsory arbitration, and complaint (quiet title) stating a lawsuit had been filed against the Company in the Superior Court of the State of Arizona USA regarding the Gold Basin Project in Arizona.

The Company chose not to reply to the claim and a default judgement was issued terminating the option agreement with the optionors. The Company remains of the position that the optionors have frustrated the performance of the option agreement and that the option agreement remains in full force and effect. As at March 31, 2017 and 2016, the Company had written off all capitalized costs associated with the Gold Basin property (Note 6).

16. SUBSEQUENT EVENTS

No subsequent events.