



**Golden Predator Mining Corp.**  
(An exploration stage company)

**Financial Statements**

**Years ended December 31, 2016 and 2015**

# Independent auditor's report

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To the Shareholders of Golden Predator Mining Corp.

We have audited the accompanying consolidated financial statements of Golden Predator Mining Corp., which comprise the consolidated statement of financial position as at December 31, 2016 and the consolidated statement of comprehensive loss, cash flows and changes in equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

## Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

## Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates

made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audit is sufficient and appropriate to provide a basis for our audit opinion.

#### Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Golden Predator Mining Corp. as at December 31, 2016 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

#### Other matter

The consolidated financial statements of Golden Predator Mining Corp. for the year ended December 31, 2015, were audited by another auditor who expressed an unmodified opinion on those consolidated statements on April 22, 2016.

Vancouver, Canada  
April 26, 2017



Chartered Professional Accountants

# Golden Predator Mining Corp.

Consolidated Statements of Financial Position  
(in Canadian dollars)

|  | <u>December 31,<br/>2016</u> | <u>December 31,<br/>2015</u> |
|--|------------------------------|------------------------------|
| <b>Assets</b>                                  |                              |                              |
| Current assets                                 |                              |                              |
| Cash and cash equivalents                      | \$ 9,410,464                 | \$ 174,797                   |
| Investments (note 3)                           | 386,612                      | 42,884                       |
| Accounts receivable (note 4)                   | 270,537                      | 6,809                        |
| Prepaid expenses and deposits                  | 117,881                      | 20,746                       |
|  | <u>10,185,494</u>            | <u>245,236</u>               |
| Reclamation bonds (note 8)                     | 455,163                      | 488,663                      |
| Equipment (note 5)                             | 1,261,494                    | 195,142                      |
| Mineral properties (note 6)                    | 6,441,632                    | 7,050,017                    |
|  | <u>\$ 18,343,783</u>         | <u>\$ 7,979,058</u>          |
| <b>Liabilities and shareholders' equity</b>    |                              |                              |
| Current liabilities                            |                              |                              |
| Accounts payable and accrued liabilities       | \$ 2,073,937                 | \$ 356,360                   |
| Flow-through share premium liability (note 10) | 238,400                      | -                            |
| Loans payable (note 9)                         | -                            | 222,753                      |
| Promissory note (note 7)                       | 1,000,000                    | 572,710                      |
|  | <u>3,312,337</u>             | <u>1,151,823</u>             |
| Non-current liabilities                        |                              |                              |
| Promissory note (note 7)                       | 2,146,809                    | 2,916,202                    |
|  | <u>5,459,146</u>             | <u>4,068,025</u>             |
| Shareholders' equity                           |                              |                              |
| Share capital (note 11)                        | 45,839,782                   | 28,645,709                   |
| Contributed surplus                            | 5,024,042                    | 2,707,886                    |
| Accumulated other comprehensive loss           | 71,991                       | (38,804)                     |
| Deficit  | (38,051,178)                 | (27,403,758)                 |
|  | <u>12,884,637</u>            | <u>3,911,033</u>             |
|  | <u>\$ 18,343,783</u>         | <u>\$ 7,979,058</u>          |

Nature of operations (note 1)

See accompanying notes to these consolidated financial statements.

Approved by the board of directors

"Greg Hayes" Director

"Bradley Thiele" Director

## Golden Predator Mining Corp.

Consolidated Statements of Comprehensive Loss

For the years ended December 31, 2016 and 2015

(in Canadian dollars)

|   | <u>2016</u>            | <u>2015</u>           |
|---|------------------------|-----------------------|
| <b>Expenses</b>   |                        |                       |
| Exploration (note 12)   | \$ 7,837,201           | \$ 379,770            |
| Impairment of mineral properties (note 6)                             | 473,912                | 1,128,241             |
| General and administrative (note 13)                                  | 2,688,453              | 400,480               |
| Government grant  | -                      | (32,986)              |
|   | <u>(10,999,566)</u>    | <u>(1,875,505)</u>    |
| <b>Other income (expense)</b>   |                        |                       |
| Loss on derivative asset (note 7)                                     | -                      | (2,952,405)           |
| Loss on settlement of accounts payable                                | (54,421)               | -                     |
| Gain on forgiveness of loan interest (note 9)                         | 12,701                 | -                     |
| Interest expense on loans payable (note 9)                            | (7,316)                | (5,384)               |
| Interest revenue  | 39,757                 | -                     |
| Interest expense on promissory note (note 7)                          | (375,347)              | (525,137)             |
| Realized gain (loss) on sale of investments                           | 330                    | (39,366)              |
| Foreign exchange loss   | (21,757)               | (42,815)              |
| Gain on sale of fixed assets  | -                      | 23,995                |
| Gain on settlement of flow through share premium liability (note 10)  | 758,200                | -                     |
|   | <u>(10,647,419)</u>    | <u>(5,416,617)</u>    |
| <b>Net loss</b>   | <u>(10,647,419)</u>    | <u>(5,416,617)</u>    |
| <b>Items that will be reclassified subsequently to profit or loss</b> |                        |                       |
| Realized gain on sale of investments                                  | 23,267                 | 39,366                |
| Unrealized gain (loss) on available-for-sale investments (note 3)     | 87,527                 | (55,510)              |
|   | <u>110,794</u>         | <u>(16,144)</u>       |
| <b>Comprehensive loss</b>   | <u>\$ (10,536,625)</u> | <u>\$ (5,432,761)</u> |
| <b>Basic and diluted loss per share</b>                               | <u>(\$0.19)</u>        | <u>(\$0.18)</u>       |
| <b>Weighted average number of common shares outstanding</b>           | <u>56,132,170</u>      | <u>30,520,392</u>     |

See accompanying notes to these consolidated financial statements.

# Golden Predator Mining Corp.

Consolidated Statements of Cash Flows

For the years ended December 31, 2016 and 2015

(in Canadian dollars)

|  | <u>2016</u>                | <u>2015</u>              |
|--|----------------------------|--------------------------|
| <b>Cash provided by (used in):</b>                                     |                            |                          |
| <b>Operating activities:</b>   |                            |                          |
| Net loss   | \$ (10,647,419)            | \$ (5,416,617)           |
| Adjustments for:   |                            |                          |
| Depreciation   | 181,693                    | 202,965                  |
| Unrealized foreign exchange loss                                       | -                          | 26,131                   |
| Interest expense on promissory note                                    | 375,347                    | 525,137                  |
| Interest expense on loans payable                                      | 7,316                      | 5,384                    |
| Gain on settlement of flow-through share premium liabilities (note 10) | (758,200)                  | -                        |
| Loss on derivative asset (note 7)                                      | -                          | 2,952,405                |
| Impairment of mineral properties (note 6)                              | 473,912                    | 1,128,241                |
| Stock-based compensation   | 1,329,518                  | 58,610                   |
| Shares issued for services   | 27,000                     | -                        |
| Loss on settlement of accounts payable                                 | 54,421                     | -                        |
| Gain on forgiveness of loan interest                                   | (12,701)                   | -                        |
| Disposal of field equipment  | -                          | 2,559                    |
| (Gain) Loss on sale of investments                                     | (330)                      | 39,366                   |
| Net change in non-cash working capital (note 14)                       | 1,584,207                  | (117,803)                |
|  | <u><b>(7,385,236)</b></u>  | <u><b>(593,622)</b></u>  |
| <b>Financing activities:</b>   |                            |                          |
| Loan proceeds (note 9)   | 117,935                    | 257,369                  |
| Repayment of loans payable (note 9)                                    | (335,304)                  | (40,000)                 |
| Repayment of promissory note (note 7)                                  | (717,450)                  | -                        |
| Repurchase shares to treasury (note 11)                                | (1,546,823)                | -                        |
| Options exercised (note 11)  | 80,100                     | -                        |
| Warrants exercised (note 11)   | 683,250                    | -                        |
| Proceeds of private placements   | 20,937,780                 | -                        |
| Share issuance costs   | (1,495,910)                | -                        |
|  | <u><b>17,723,578</b></u>   | <u><b>217,369</b></u>    |
| <b>Investing activities:</b>   |                            |                          |
| Acquisition of mineral properties (note 6)                             | (158,223)                  | (31,991)                 |
| Acquisition of capital assets (note 5)                                 | (1,248,045)                | (28,586)                 |
| Option payment received (note 6)                                       | 147,124                    | 50,000                   |
| Proceeds from sale of investments (note 3)                             | 122,969                    | 53,048                   |
| Release of reclamation bonds (note 8)                                  | 33,500                     | 373,837                  |
|  | <u><b>(1,102,675)</b></u>  | <u><b>416,308</b></u>    |
| <b>Change in cash</b>  | <b>9,235,667</b>           | <b>40,055</b>            |
| <b>Cash – beginning of year</b>  | <b>174,797</b>             | <b>134,742</b>           |
| <b>Cash – end of year</b>  | <b><u>\$ 9,410,464</u></b> | <b><u>\$ 174,797</u></b> |

Non-cash financing and investing activities (note 14)

See accompanying notes to these consolidated financial statements.

## Golden Predator Mining Corp.

Consolidated Statements of Changes in Equity  
For the years ended December 31, 2016 and 2015  
(in Canadian Dollars)

|  | Number of<br>Shares | Share Capital | Contributed<br>Surplus | Accumulated<br>Other<br>Comprehensive<br>Income (loss) | Deficit         | Total         |
|--|---------------------|---------------|------------------------|--|-----------------|---------------|
| <b>Balance, December 31, 2014</b>          | 27,721,679          | \$ 28,171,881 | \$ 2,649,276           | \$ (22,660)  | \$ (21,987,141) | \$ 8,811,356  |
| Stock-based compensation                   | -                   | -             | 58,610                 | -  | -               | 58,610        |
| Shares issued                              | 3,948,571           | 473,828       | -                      | -  | -               | 473,828       |
| Other comprehensive loss                   | -                   | -             | -                      | (16,144)   | -               | (16,144)      |
| Net loss                                   | -                   | -             | -                      | -  | (5,416,617)     | (5,416,617)   |
| <b>Balance, December 31, 2015</b>          | 31,670,250          | \$ 28,645,709 | \$ 2,707,886           | \$ (38,804)  | \$ (27,403,758) | \$ 3,911,033  |
| Private placements                         | 48,906,000          | 20,937,780    | -                      | -  | -               | 20,937,779    |
| Share issuance costs                       | -                   | (1,495,910)   | -                      | -  | -               | (1,495,910)   |
| Finders' units issued                      | -                   | (1,013,401)   | 1,013,401              | -  | -               | -             |
| Shares issued for debt                     | 671,865             | 281,914       | -                      | -  | -               | 281,914       |
| Stock options exercised                    | 427,500             | 106,863       | (26,763)               | -  | -               | 80,100        |
| Warrants exercised                         | 3,415,000           | 683,250       | -                      | -  | -               | 683,250       |
| Shares issued for services                 | 135,000             | 27,000        | -                      | -  | -               | 27,000        |
| Shares issued for share purchase agreement | 1,875,000           | 210,000       | -                      | -  | -               | 210,000       |
| Flow-through share premium liabilities     | -                   | (996,600)     | -                      | -  | -               | (996,600)     |
| Stock-based compensation                   | -                   | -             | 1,329,518              | -  | -               | 1,329,518     |
| Shares returned to treasury                | (10,312,154)        | (1,546,823)   | -                      | -  | -               | (1,546,823)   |
| Other comprehensive income                 | -                   | -             | -                      | 110,794  | -               | 110,794       |
| Net loss                                   | -                   | -             | -                      | -  | (10,647,419)    | (10,647,419)  |
| <b>Balance, December 31, 2016</b>          | 76,788,461          | \$ 45,839,782 | \$ 5,024,042           | \$ 71,991  | \$ (38,051,178) | \$ 12,884,637 |

See accompanying notes to these consolidated financial statements

# Golden Predator Mining Corp.

Notes to the Consolidated Financial Statements  
For the years ended December 31, 2016 and 2015  
(in Canadian dollars)

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## 1. NATURE OF OPERATIONS

Golden Predator Mining Corp. ("Golden Predator" or the "Company") was incorporated under the Business Corporations Act (Alberta) on April 29, 2008 and continued into British Columbia from the jurisdiction of Alberta on October 21, 2015. The Company's head office is located at #555 - 701 West Georgia Street, Vancouver BC V7Y 1C6. Golden Predator is in the business of acquiring and exploring mineral properties primary in the Yukon, Canada.

## 2. SIGNIFICANT ACCOUNTING POLICIES

### a. Basis of consolidation

These consolidated financial statements include the accounts of the Company and its wholly owned subsidiary Golden Predator Exploration Ltd.

Subsidiaries are entities that the Company controls, either directly or indirectly. Control is achieved when the Company is exposed to or has the rights to variable returns from its involvement with an entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is obtained and continue to be consolidated until the date that such control ceases. All intra-group balances and transactions, including unrealized profits and losses arising from intra-group transactions, have been eliminated in full.

Where necessary, adjustments are made to the results of the subsidiaries and entities to bring their accounting policies in line with those used by the Company.

### b. Basis of presentation and measurement

These consolidated financial statements are based on IFRS, as issued by the International Accounting Standards Board.

These consolidated financial statements have been prepared on a historical cost basis, except for certain financial instruments that have been measured at fair value, and are presented in Canadian dollars, which is the Company's functional currency as well as the functional currency of the Company's subsidiary. The consolidated financial statements were authorized for issue by the board of directors on April 27, 2017.

### c. Cash and cash equivalents

Cash and cash equivalents comprise cash on deposit with banks, and highly liquid short-term interest-bearing investments with a term to maturity at the date of purchase of 90 days or less which are subject to an insignificant risk of change in value.

### d. Reclamation bonds

Reclamation bonds include bonds that have been pledged for reclamation and closure activities and that are not available for immediate disbursement.



# Golden Predator Mining Corp.

Notes to the Consolidated Financial Statements  
For the years ended December 31, 2016 and 2015  
(in Canadian dollars)

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## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### e. Property, plant and equipment

Equipment is originally recorded at cost at the time of purchase and is subsequently measured at cost less accumulated depreciation and impairment. Costs include all costs required to bring the item into its intended use by the Company.

Costs incurred for major overhauls of existing equipment are capitalized and are subject to depreciation once they are commissioned. The costs of routine maintenance and repairs are expensed as incurred.

Equipment is amortized over the remaining useful life of the asset as follows:

|                    |                           |
|--------------------|---------------------------|
| Field equipment    | 4 - 5 years straight-line |
| Camp equipment     | 5 years straight-line     |
| Computer equipment | 30% declining balance     |
| Camp               | 5 years straight-line     |
| Vehicle            | 30% straight-line         |
| Mill               | 5 years straight-line     |
| Bridge             | 25 years straight-line    |

Depreciation methods, useful lives and residual values are reviewed at each reporting period and adjusted if appropriate.

### f. Mineral properties

Acquisition costs for mineral properties, net of recoveries, are capitalized on a property-by-property basis. Exploration and evaluation expenditures incurred during the exploration and evaluation phase are expensed as incurred and included in profit or loss. When the technical and commercial viability of a mineral resource have 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 production.

If it is determined that capitalized acquisition costs are not recoverable, or the property is abandoned or management has determined that there is an 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.

From time to time, the Company acquires or disposes of properties pursuant to the terms of option agreements. Options are exercisable entirely at the discretion of the optionee and, accordingly, are recorded as mineral property costs or recoveries when the payments are made or received. After all costs relating to a property have been recovered, further payments received are recorded as a gain on option or disposition of mineral property.

The company has no operational income; therefore, any incidental revenue earned in connection with exploration activities is credited against exploration expenses.

### g. Provision for environmental reclamation

The Company recognizes liabilities for legal or constructive obligations associated with the retirement of mineral properties and equipment. The net present value of future reclamation costs is capitalized to the related asset along with a corresponding increase in the reclamation 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 Company's estimates of reclamation 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

# Golden Predator Mining Corp.

Notes to the Consolidated Financial Statements  
For the years ended December 31, 2016 and 2015  
(in Canadian dollars)

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## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

recorded directly to the related assets with a corresponding entry to the reclamation provision. The increase in the provision due to the passage of time is recognized as interest expense. The Company has determined that it has no reclamation provision obligations at December 31, 2016

### h. Impairment of tangible and intangible assets

The Company assesses at each reporting period whether there is an indication that an asset or group of assets may be impaired. When impairment indicators exist, the Company estimates the recoverable amount of the asset and compares it to the asset's carrying amount. The recoverable amount is the higher of the fair value less costs of disposal and the asset's value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). If the carrying value exceeds the recoverable amount, an impairment loss is recorded in the statement of loss during the period.

Reversals of impairment arise from subsequent reviews of the impaired assets where the conditions which gave rise to the original impairments are deemed no longer to apply. The carrying value of the asset is increased to the revised estimate of its recoverable amount. The increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior years. A reversal of an impairment loss is recognized as a gain in the statement of loss in the period it is determined.

### i. Financial Instruments

#### *Recognition*

Financial instruments are recognized on the consolidated balance sheet on the date on which the Company becomes a party to the contractual provisions of the financial instrument. Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. Financial liabilities are derecognized when the obligation specified in the contract is discharged, canceled or expires.

All financial instruments are required to be classified and measured at fair value on initial recognition. Measurement in subsequent periods is dependent upon the classification of the financial instrument.

At initial recognition, the Company classifies its financial instruments in the following categories:

#### *Loans and receivables*

Loans and receivables include cash and cash equivalents, reclamation bonds, and other current receivables and loans that have fixed or determinable payments that are not quoted in an active market. Loans and receivables are measured at amortized cost using the effective interest method, less any impairment. Interest income is recognized by applying the effective interest rate.

#### *Financial liabilities at amortized cost*

Financial liabilities at amortized cost include trade payables and the promissory note payable. Trade payables are initially recognized at the amount required to be paid. Promissory notes are initially recognized at fair value and subsequently measured at amortized cost using the effective interest rate method.

#### *Available-for-sale investments*

Available-for-sale investments are recognized initially at fair value plus transaction costs and are subsequently carried at fair value. Gains or losses arising from re-measurement are recognized in other comprehensive loss. When an available-for-sale investment is sold or impaired, the accumulated gains or losses are moved from accumulated other comprehensive loss to the statement of loss.

# Golden Predator Mining Corp.

Notes to the Consolidated Financial Statements  
For the years ended December 31, 2016 and 2015  
(in Canadian dollars)

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## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

The Company assesses at the end of each reporting period whether there is objective evidence that an available-for-sale investment is impaired. If an impairment of an available-for-sale investment has been recorded in profit, it is not reversed in future periods.

### *Financial assets at fair value through profit or loss*

Derivative instruments, including embedded derivatives, are recorded at fair value through profit or loss and, accordingly, are recorded on the balance sheet at fair value. Unrealized gains and losses on derivatives are recorded in profit in the period in which they arise. Fair values for derivative instruments are determined using valuation techniques, with assumptions based on market conditions existing at the balance sheet date or settlement date of the derivative.

### **j. Share-based compensation**

The Company grants share based awards in the form of share options in exchange for the provision of services from certain employees, officers, and directors. The share options are equity settled awards. The Company determines the fair value of the awards on the date of grant using the Black-Scholes model. This fair value is charged to loss using a graded vesting attribution method over the vesting period of the options, with a corresponding credit to contributed surplus. When the share options are exercised, the applicable amounts of contributed surplus are transferred to share capital. At the end of the reporting period, the Company updates its estimate of the number of awards that are expected to vest and adjust the total expense to be recognized over the vesting period.

### **k. Income taxes**

Income tax expense represents the sum of the tax currently payable and deferred tax. Current tax payable, if any, is based on taxable earnings for the year.

Deferred tax is recognized on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable earnings. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable earnings will be available against which deductible temporary differences can be utilized. Such assets and liabilities are not recognized if the temporary difference arises from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable earnings nor the accounting earnings. Deferred tax liabilities are recognized for taxable temporary differences arising on investments in subsidiaries and investments, and interests in joint ventures, except where the Company is able to control the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realized, based on tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is charged or credited to earnings, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Income tax assets and liabilities are offset when there is a legally enforceable right to offset the assets and liabilities and when they relate to income taxes levied by the same tax authority on either the same taxable entity or different taxable entities where there is an intention to settle the balance on a net basis.

Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

# Golden Predator Mining Corp.

Notes to the Consolidated Financial Statements  
For the years ended December 31, 2016 and 2015  
(in Canadian dollars)

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## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### **i. Treasury shares**

Own equity instruments (treasury shares) are deducted from equity when calculating the profit/loss per shares. No gain or loss is recognized in profit or loss on the purchase, sale, or cancellation of the Company's own equity instruments. When share capital recognized as equity is repurchased, the amount of the consideration paid, which includes directly attributable costs, is recognized as deduction from equity. Repurchased shares are classified as treasury shares and are presented as a deduction from total equity. When treasury shares are sold or subsequently re-issued, the amount received is recognized as an increase in equity, and the resulting surplus or deficit on the transaction is transferred to or from retained earnings.

### **m. Flow-through shares**

The Company may issue flow-through shares to finance a portion of its capital expenditure program. Pursuant to the terms of the flow-through share agreements, the tax deductions associated with the expenditures are renounced to the subscribers. The difference between the value ascribed to flow-through shares issued and the value that would have been received for common shares with no tax attributes is initially recognized as a liability. When the expenditures are incurred the liability is drawn down, a deferred tax liability is recorded equal to the estimated amount of deferred income tax payable by the Company as a result of the renunciation and the difference is recognized as a deferred tax expenses.

### **n. Share capital**

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Share issue costs include commissions, facilitation payments, professional fees, and regulatory fees.

For the unit offerings, the proceeds from the issuance of units are allocated between common shares and common share purchase warrants using the residual method, allocating fair value first to the common shares and then share purchase warrants.

Share purchase warrants that are issued for goods and services are initially accounted for under IFRS 2 as equity instruments. Subsequent to their issuance, share purchase warrants issued for goods and services are considered as equity for their entire life. The fair value of such share purchase warrants is not re-measured. When these share purchase warrants are exercised, the cash proceeds received and the applicable amounts of share purchase warrants are credited to share capital. Where share purchase warrants expire or are forfeited then these amounts remain in equity under contributed surplus.

### **o. Earnings (loss) per share**

Basic earnings (loss) per share is computed by dividing net earnings (loss) available to common shareholders by the weighted average number of shares outstanding during the reporting period. Diluted earnings (loss) per share is computed similar to basic earnings (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. In periods of loss basic and diluted earnings per share are the same as the effect of issuance of additional shares is anti-dilutive.

# Golden Predator Mining Corp.

Notes to the Consolidated Financial Statements  
For the years ended December 31, 2016 and 2015  
(in Canadian dollars)

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## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### p. Critical accounting estimates and judgments

The preparation of consolidated financial statements in accordance with IFRS requires the use of certain critical accounting estimates and judgments. It also requires management to exercise judgment in applying the Company's accounting policies. These judgments and estimates are based on management's best knowledge of the relevant facts and circumstances taking into account previous experience, but actual results may differ from the amounts included in the financial statements.

Areas of estimation and judgment that have the most significant effect on the amounts recognized in the financial statements are:

Valuation of mineral properties - The Company follows the guidance of IFRS 6 to determine when a mineral property asset is impaired. This determination requires significant judgment. In making this judgment, the Company evaluates, among other factors, the results of exploration and evaluation activities to date and the company's future plans to explore and evaluate a mineral property.

Fair value of derivatives and other financial instruments - The Company's promissory notes are financial liabilities that previously contained both a derivative and non-derivative host component. The fair values of embedded derivatives, not traded in an active market, were determined using valuation techniques. The Company used its judgment to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period. The Promissory Note was amended in the third quarter of 2015 to remove the share settlement option, thus as of December 31, 2015, there is no derivative asset related to the Promissory Note.

### q. New accounting standards and interpretation

#### IFRS 9 Financial Instruments

The new standard for financial instruments, IFRS 9, introduces extensive changes to IAS 39's guidance on the classification and measurement of financial assets and introduces a new "expected credit loss" model for the impairment of financial assets. IFRS 9 also provides new guidance on the application of hedge accounting. Management has started to assess the impact of IFRS 9. IFRS 9 is effective for annual reporting periods beginning on or after January 1, 2018. At this stage, the main areas of expected impact are as follows:

- a) The classification and measurement of the Company's financial assets will need to be reviewed based on the new criteria that considers the assets' contractual cash flows and the business model in which they are managed.
- b) If the Company continues to elect the fair value option for certain financial liabilities (see Note 7), fair value movements will be presented in other comprehensive income to the extent those changes relate to the Company's own credit risk.

#### IFRS 16 Leases

IFRS 16 will replace IAS 17 and three related interpretations. It completes the IASB's long-running project to overhaul lease accounting. Leases will be recorded on the statement of financial position in the form of a right-of-use asset and a lease liability. IFRS 16 is effective from periods beginning on or after January 1, 2019.

# Golden Predator Mining Corp.

Notes to the Consolidated Financial Statements  
For the years ended December 31, 2016 and 2015  
(in Canadian dollars)

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Management is yet to fully assess the impact of the Standard and therefore is unable to provide quantified information. However, in order to determine the impact, the Company is in the process of:

- a) Performing a full review of all agreements to assess whether any additional contracts will now become a lease under IFRS's new definition.
- b) Deciding which transitional provision to adopt; either full retrospective application or partial retrospective application (which means comparatives do not need to be restated). The partial application method also provides optional relief from reassessing whether contracts in place are, or contain, a lease, as well as other reliefs. Deciding which of these practical expedients to adopt is important as they are one-off choices.
- c) Assessing current disclosures for finance leases and operating leases (Note 19) as these are likely to form the basis of the amounts to be capitalized and become right-of-use assets.
- d) Determining which optional accounting simplifications apply to the Company's lease portfolio and if the Company is going to use these exemptions.
- e) Assessing the additional disclosure that will be required.

## 3. INVESTMENTS

|   | 2016              | 2015             |
|---|-------------------|------------------|
| Opening balance                                     | \$ 42,884         | \$ 119,110       |
| Shares received for property option payments        | 145,537           | 32,332           |
| Shares received as payment for common shares issued | 210,036           | -                |
| Sale of shares                                      | (99,372)          | (53,048)         |
| Increase (decrease) in market value of shares       | 87,527            | (55,510)         |
| <b>Closing balance</b>                              | <b>\$ 386,612</b> | <b>\$ 42,884</b> |

Investments consist of common shares in publicly traded companies. Shares are recorded at fair market value and any unrealized gain or loss is recorded as accumulated other comprehensive income. Shares received as property option payments include \$55,537 for the Marg property (2015 - \$32,332) and \$90,000 (2015 - nil) for the Grew Creek property.

## 4. ACCOUNTS RECEIVABLE

Accounts receivable consist of goods and services tax of \$267,892 (2015 - \$6,809) and interest on guaranteed investment certificates of \$2,645 (2015 - nil). Accounts receivable are valued at amortized cost.

# Golden Predator Mining Corp.

Notes to the Consolidated Financial Statements  
For the years ended December 31, 2016 and 2015  
(in Canadian dollars)

## 5. EQUIPMENT

|                                 | Field<br>equipment | Camp and<br>camp<br>equipment | Vehicles   | Office<br>equipment | Capital<br>leases | Mill       | Bridge     | Total        |
|---------------------------------|--------------------|-------------------------------|------------|---------------------|-------------------|------------|------------|--------------|
| <b>Cost</b>                     |                    |                               |            |                     |                   |            |            |              |
| Balance – December 31, 2014     | \$ 378,435         | \$ 369,257                    | \$ 93,890  | \$ 29,495           | \$ 42,350         | \$ -       | \$ -       | \$ 913,427   |
| Additions                       | 28,585             | -                             | -          | -                   | -                 | -          | -          | 28,585       |
| Disposals                       | -                  | -                             | -          | (8,485)             | -                 | -          | -          | (8,485)      |
| Balance – December 31, 2015     | \$ 407,020         | \$ 369,257                    | \$ 93,890  | \$ 21,010           | \$ 42,350         | \$ -       | \$ -       | \$ 933,527   |
| Additions                       | 385,384            | 60,323                        | 118,185    | -                   | -                 | 206,543    | 477,610    | 1,248,045    |
| Balance – December 31, 2016     | \$ 792,404         | \$ 429,580                    | \$ 212,075 | \$ 21,010           | \$ 42,350         | \$ 206,543 | \$ 477,610 | \$ 2,181,572 |
| <b>Accumulated Depreciation</b> |                    |                               |            |                     |                   |            |            |              |
| Balance – December 31, 2014     | \$ 200,221         | \$ 258,482                    | \$ 38,509  | \$ 13,986           | \$ 30,149         | \$ -       | \$ -       | \$ 541,347   |
| Depreciation                    | 81,437             | 73,852                        | 28,167     | 7,308               | 12,201            | -          | -          | 202,965      |
| Disposals                       | -                  | -                             | -          | (5,927)             | -                 | -          | -          | (5,927)      |
| Balance – December 31, 2015     | \$ 281,658         | \$ 332,334                    | \$ 66,676  | \$ 15,367           | \$ 42,350         | \$ -       | \$ -       | \$ 738,385   |
| Depreciation                    | 78,143             | 42,956                        | 25,892     | 4,495               | -                 | 20,654     | 9,553      | 181,693      |
| Balance – December 31, 2016     | \$ 359,801         | \$ 375,290                    | \$ 92,568  | \$ 19,862           | \$ 42,350         | \$ 20,654  | \$ 9,553   | \$ 920,078   |
| <b>Net book value</b>           |                    |                               |            |                     |                   |            |            |              |
| Balance – December 31, 2015     | \$ 125,362         | \$ 36,923                     | \$ 27,214  | \$ 5,643            | \$ -              | \$ -       | \$ -       | \$ 195,142   |
| Balance – December 31, 2016     | \$ 432,603         | \$ 54,290                     | \$ 119,507 | \$ 1,148            | \$ -              | \$ 185,889 | \$ 468,057 | \$ 1,261,494 |

## 6. MINERAL PROPERTIES

|                             | 3 Aces       | Brewery<br>Creek | Sonora<br>Gulch | Marg       | Grew Creek | Castle West<br>and Other<br>Properties | Total        |
|-----------------------------|--------------|------------------|-----------------|------------|------------|--|--------------|
| Balance – December 31, 2014 | \$ 1,103,600 | \$ 1,313,032     | \$ 3,694,548    | \$ 661,817 | \$ 300,000 | \$ 1,155,602                           | \$ 8,228,599 |
| Acquisition costs           | 9,550        | -                | -               | -          | -          | 22,441                                 | 31,991       |
| Option payment - cash       | -            | -                | -               | (50,000)   | -          | -                                      | (50,000)     |
| Option payment - shares     | -            | -                | -               | (32,332)   | -          | -                                      | (32,332)     |
| Impairment                  | -            | -                | -               | -          | -          | (1,128,241)                            | (1,128,241)  |
| Balance – December 31, 2015 | \$ 1,113,150 | \$ 1,313,032     | \$ 3,694,548    | \$ 579,485 | \$ 300,000 | \$ 49,802                              | \$ 7,050,017 |
| Acquisition costs           | 90,383       | -                | -               | -          | 25,000     | 42,840                                 | 158,223      |
| Option payment -cash        | -            | -                | -               | (50,000)   | (35,000)   | (62,123)                               | (147,123)    |
| Option payment -shares      | -            | -                | -               | (55,573)   | (90,000)   | -                                      | (145,573)    |
| Impairment                  | -            | -                | -               | (473,912)  | -          | -                                      | (473,912)    |
| Balance – December 31, 2016 | \$ 1,203,533 | \$ 1,313,032     | \$ 3,694,548    | \$ -       | \$ 200,000 | \$ 30,519                              | \$ 6,441,632 |

### a) 3 Aces, Yukon

The Company owns 100% of the 3 Aces property, subject to the NSR's described below.

An annual advance royalty payment of \$45,000 will commence on April 1, 2015 and continue until the commencement of commercial production. The vendor will retain a 2% NSR on the property. If a resource estimate in excess of 500,000 ounces at a grade greater than 5 grams per tonne is defined on the property (in compliance with the Canadian Securities Administrators' National Instrument 43-101, Standards of Disclosure for Mineral Projects), the vendor's NSR will increase to 2.5% and the vendor will receive a bonus payment of \$300,000 in cash or equivalent Golden Predator common shares. If a National Instrument 43-101 compliant resource estimate in excess of 1,000,000 ounces at a grade greater than 5 grams per tonne is defined on the property, the vendor's NSR will increase to 3% and the vendor will receive an additional bonus payment of \$300,000 in cash or equivalent

# Golden Predator Mining Corp.

Notes to the Consolidated Financial Statements  
For the years ended December 31, 2016 and 2015  
(in Canadian dollars)

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## 6. MINERAL PROPERTIES (CONT'D)

Golden Predator shares. Each 1% of the NSR can be purchased by the Company for \$2,000,000. The property is also subject to a 1.0% NSR to Till Capital.

### b) Brewery Creek, Yukon

The Company owns 100% of the Brewery Creek Project. The Brewery Creek Project is subject to a 2% NSR on the first 600,000 ounces of gold produced, following which the NSR will increase to 2.75%. The Company has the right to repurchase 0.625% of the increased NSR for \$2,000,000 (which, if so acquired, would result in a 2.125% NSR). The property is also subject to a sliding scale royalty based on the price of gold on the first 21,000 ounces of production, as well as a 5% net profits royalty ("NPR") over a portion of the property.

An Amended and Restated Socio Economic Accord for the Brewery Creek Project was entered into with the Tr'ondëk Hwëch'in First Nation ("THFN") which took effect September 2012. As consideration for entering into the agreement, the Company paid the sum of \$400,000, payable in shares, of which \$250,000 was payable on signing and \$150,000 was paid during the year ended December 31, 2016 through issuance of 245,901 shares valued at \$0.80 per share. The Company recorded a loss on settlement of accounts payable of \$46,721 related to this transaction.

Upon receipt of all required permits in respect of the portion of the mine site outside the existing permitted area, the Company will pay an additional sum of \$300,000 payable in shares at a price equal to a 5-day volume weighted average share price ("VWAP"). Key aspects of the Socio Economic Accord include the Company's commitment in respect of training and scholarships, and the annual community legacy project grant, amounting to \$45,000 per annum. The Company has also agreed to pay the THFN a 2.5% NSR on revenue from the mine site, excluding the existing permitted area.

### c) Sonora Gulch, Yukon

The Company owns 100% of the Sonora Gulch property, subject to a 1% net smelter royalty (NSR). The Company has the option and right to purchase 50% of the NSR at any time for \$1,000,000. The Company is required to pay all taxes, levies and other expenditures as may be required in order to maintain the property in good standing with the applicable regulatory bodies.

### d) Marg, Yukon

The Company owned a 100% interest in the Marg property, subject to a 1% NSR to Till Capital.

In March 2015, the Company announced a Joint Venture and Option Agreement (the "Agreement") on the Marg Project. During the year ended December 31, 2015, the first \$50,000 cash payment and 1,539,643 shares at a fair value of \$32,332 were received. During the year ended December 31, 2016, the Company received an additional 5,656,777 shares at a fair value of \$55,573. During 2016, the optionee terminated the agreement and returned control of the project to the Company.

In April 2016, a third party purchased 100% of the property from the Company for consideration of \$50,000 and 1,967,280 shares (received in escrow) and the Company retained a 1% NSR which the purchaser could repurchase for \$1,000,000 at any time.

Subsequent to December 31, 2016, the purchaser was unable to meet the conditions of the purchase agreement and as a consequence control of the property was returned to the Company and the Company returned the shares to the purchaser. An impairment charge of \$473,912 was taken on the property during the current year.



# Golden Predator Mining Corp.

Notes to the Consolidated Financial Statements  
For the years ended December 31, 2016 and 2015  
(in Canadian dollars)

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## 6. MINERAL PROPERTIES (CONT'D)

### e) Grew Creek, Yukon

The Company owns 100% of the Grew Creek property, subject to a 4% NSR.

In October 2016, the Company entered into a Property Option Agreement with Bravura Ventures Corp. ("Bravura") whereby Bravura can earn up to a 90% interest in the Grew Creek property.

The terms of the Property Option Agreement include:

- a. A total of \$950,000 to be paid to the Company as follows:
  - \$35,000 – on the closing date (received);
  - \$50,000 – on the first anniversary of the closing date;
  - \$75,000 – on the second anniversary of the closing date;
  - \$140,000 – on the third anniversary of the closing date;
  - \$150,000 – on the fourth anniversary of the closing date;
  - \$250,000 – on the fifth anniversary of the closing date; and
  - \$250,000 – on the sixth anniversary of the closing date.
  
- b. Issuance to the Company of an aggregate amount of 2,000,000 common shares and an additional 6% of Bravura to be issued as follows:
  - 500,000 – on the closing date (received, valued at \$90,000);
  - 500,000 – on the first anniversary of the closing date;
  - 500,000 – on the second anniversary of the closing date;
  - 500,000 – on the third anniversary of the closing date;
  - On the fourth anniversary of the closing date such a number of common shares as is equal to 2% of the undiluted issued and outstanding common shares of Bravura for 70% of the right, title and interest in assets;
  - On the fifth anniversary of the closing date such a number of common shares as is equal to 2% of the undiluted issued and outstanding common shares of Bravura for an additional 10% of asset;
  - On the sixth anniversary of the closing date such a number of common shares as is equal to 2% of the undiluted issued and outstanding common shares of Bravura for an additional 10% for a total aggregate ownership of 90%; and
  - Optionor shall transfer legal title to the assets to optionee on the six anniversary of closing date.

If, during the term of the agreement, Bravura receives a technical report (the "First Report") that (i) complies with NI 43-101, Standards of Disclosure for Mineral Projects, and (ii) defines a resource on the claims, Bravura shall, within 30 days of receipt of such report, pay to the Company an additional \$50,000 and issue an additional 500,000 common shares. If, during the term of the agreement but after its receipt of the First Report, the Company receives a second technical report (the "Second Report") that increases the resource estimate by 100% or more over the estimate contained in the First Report, Bravura shall issue to the Company such number of common shares as is equal to two percent (2%) of the issued and outstanding common shares of Bravura on the date that is ten (10) business days prior to the date of receipt of the Second Report.

# Golden Predator Mining Corp.

Notes to the Consolidated Financial Statements  
For the years ended December 31, 2016 and 2015  
(in Canadian dollars)

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## 6. MINERAL PROPERTIES (CONT'D)

### f) Castle West, Nevada

In August 2014, the Company entered into a Mining Lease and Sublease Agreement (the "Agreement") with Platoro West Inc. ("Platoro") on its Castle West property in Esmeralda County, Nevada. The Castle West property consists of 74 unpatented claims leased from Platoro and two subleases of an additional 10 claims. The Agreement requires payments to Platoro totaling US\$175,000 over six years, with annual payments of US\$35,000 commencing on the seventh anniversary. Payments to two underlying lessors total US\$113,000 over 5 years, with annual payments of \$36,000 thereafter. All payments are to be credited against future royalty obligations. Platoro retains a sliding-scale net smelter royalty ("NSR") of 2.0% to 5.0%. Two underlying lessors have NSR's from 2% to 3% on portions of the property. Platoro's NSR will be reduced by royalty payments to the underlying lessors to a floor of 0.5%.

In February 2016, May 2016, and August 2016, the Company made options payment of US\$2,500 (CAD: \$3,135), US\$18,000 (CAD \$23,392) and US\$12,555 (CAD: \$16,313), respectively.

Platoro is owned by a director of the Company and therefore the lease is considered a related party transaction. (See Note 15b).

### g) Other Properties

During the year ended December 31, 2015, the Company decided not to pursue certain properties and accordingly recorded an impairment of \$1,128,241. No impairment was recorded for other properties during 2016.

## 7. PROMISSORY NOTES

In conjunction with the acquisition of the Brewery Creek project in 2014 from Till Capital, the Company issued a \$4,700,000 promissory note (the "Promissory Note").

The Promissory Note is secured by the shares of GPE. In the event of non-payment by the Company, Till Capital would receive the GPE shares and retain any cash or common share payments to date.

During the year ended December 31, 2015, the Company entered into an Amending Agreement with Till Capital and amended the terms of the promissory note to the following:

- Payment schedule
  - Principal amount of \$500,000 + \$55,000 USD (\$72,710 CAD) is due June 1, 2016 (paid);
  - Principal amount of \$1,000,000 is due June 1, 2017;
  - Principal amount of \$1,100,000 is due June 1, 2018;
  - Principal amount of \$1,100,000 is due June 1, 2019.
- Interest rate
  - 6% per annum through to June 1, 2016;
  - 8% per annum through to June 1, 2017;
  - 10% per annum through to June 1, 2018;
  - 12% per annum thereafter.

The amended terms also include: 1) a return to the Company of the 0.5% net smelter royalty ("NSR") on the Brewery Creek project and a 1% NSR on the Sonora Gulch property originally granted to Till Capital in

# Golden Predator Mining Corp.

Notes to the Consolidated Financial Statements  
For the years ended December 31, 2016 and 2015  
(in Canadian dollars)

## 7. PROMISSORY NOTES (CONT'D)

connection with the loan; 2) a requirement that all principal and interest be paid in cash (not shares of the Company); 3) retirement of \$55,000 USD (\$72,100 CAN) in accounts payable owing to Till Capital for services rendered; and 4) the Company has granted Till Capital an additional security interest in its Brewery Creek and 3 Aces properties.

The Promissory Note was recognized initially at fair value, and is subsequently carried at amortized cost using the effective interest rate method. The fair value of the Promissory Note was estimated using a discounted cash flow calculation, using a discount rate of 15.00% which is management's estimate of the Company's cost of borrowing.

|   | <b>Promissory Note</b> |
|---|------------------------|
| Carrying value - December 31, 2015              | \$ 4,189,333           |
| Principal payment on note - April 17, 2015      | (1,100,000)            |
| Accreted interest in the year on original note  | 367,176                |
| Re-measurement of promissory note               | (125,558)              |
| Accreted interest in the period on amended note | 157,961                |
| Carrying value - December 31, 2015              | 3,488,912              |
| Principal payment on note                       | (572,710)              |
| Payment of accreted interest                    | (144,740)              |
| Accreted interest in the period on amended note | 375,347                |
| Carrying value- December 31, 2016               | \$ 3,146,809           |

The Company made its first payment on the Promissory Note, including principal and accrued interest, on April 17, 2015 by issuing to Till Capital a total of 3,948,571 shares at a deemed price of \$0.35 per share as per the Promissory Note agreement for a total payment of \$1,382,000. As a result of the minimum share price feature of the Promissory Note, the payment was satisfied by issuing shares with a market value of \$0.12. The resulting gain on settlement of \$908,172 is included in the loss on derivative asset on the consolidated statements of comprehensive loss for the year ended December 31, 2015.

During 2016, the Company made a payment of \$717,450 on the Promissory Note, including principal of \$572,710 and interest of \$144,740.

\$1,000,000 of the principal amount of the Promissory Note is payable on June 1, 2017, and is classified as a current liability as of December 31, 2016. (See Note 18).

Payment of \$1,000,000 of principal and \$216,373 was made subsequent to year end. (See note 20i)

## 8. RECLAMATION BONDS

The Company has posted interest and non-interest bearing bonds totaling \$455,163 (2015 - \$488,663) with a financial institution and the Canadian Government as security for reclamation requirements. During the year ended December 31, 2016, \$33,500 (2015 - \$373,837) was released from the bonding requirement due to the sale of lands previously requiring bonding.

# Golden Predator Mining Corp.

Notes to the Consolidated Financial Statements  
For the years ended December 31, 2016 and 2015  
(in Canadian dollars)

## 9. LOANS PAYABLE

During the year ended December 31, 2016, the Company received additional loans in the amount of \$117,935 (2015 - \$257,370) from a director. The loans bear interest at a rate of 8% per annum and were payable on December 30, 2016. Accordingly, the Company accrued interest of \$7,316 (2015 - \$5,384) and repaid the principal amount of the loans in full for \$335,304 (2015 - \$40,000). The Director waived the interest owed on the loan and accordingly the Company recorded a gain on forgiveness of interest for \$12,701

## 10. FLOW THROUGH SHARE PREMIUM LIABILITY

|   | 2016       | 2015 |
|---|------------|------|
| <b>Opening balance</b>  | \$ -       | \$ - |
| Liability incurred on flow-through shares issued                    | 996,600    | -    |
| Settlement of flow-through share liability on expenditures incurred | (758,200)  | -    |
| <b>Closing balance</b>  | \$ 238,400 | \$ - |

## 11. SHARE CAPITAL

### a) Capital Stock

In July 2016, the Company closed a private placement for 11,036,000 units at a price of \$0.73 per unit and 8,305,000 flow-through units of the Company at a price of \$1.00 per flow-through unit for total gross proceeds of \$16,361,280. Each unit consists of one Class A common share of the Company and one-half of one share purchase warrant. Each flow-through unit consists of one flow-through Class A common share and one-half of one share purchase warrant. Each whole warrant entitles the holder to purchase one additional Class A common share of the Company at a price of \$1.00 per share for a period of two years from the closing date. The expiry date of the warrants can be accelerated if the Company's volume weighted average price is \$2.50 for 20 consecutive trading days, in which event the Company may give notice that the warrants expire 30 days following the notice of acceleration. The Company paid cash share issuance costs of \$1,279,358 and issued 1,318,030 agent warrants valued at \$606,294 in connection with the private placement.

In June 2016, the Company returned 10,312,154 Class A common shares to treasury. The shares were repurchased for \$1,546,823 and the amount was deducted from equity. No gain or loss was recorded in the statement of comprehensive loss.

In June 2016, the Company issued 245,901 Class A common shares at a fair value of \$196,721 to Tr'ondëk Hwëch'in First Nation as settlement of the agreement related to the Brewery Creek property.

# Golden Predator Mining Corp.

Notes to the Consolidated Financial Statements  
For the years ended December 31, 2016 and 2015  
(in Canadian dollars)

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## 11. SHARE CAPITAL (CONT'D)

In May 2016, the Company closed a private placement for 21,350,000 units and 5,650,000 flow-through units each at a price of \$0.16 per unit for total proceeds of \$4,320,000. Each unit consists of one Class A common share and one share purchase warrant. Each flow-through unit consists of one flow-through Class A common share and one share purchase warrant. Warrants comprising the units and flow-through units entitle holders to purchase one additional Class A common share, exercisable at a price of \$0.21 per share for a period of two years from the date of issue of the warrants. The company paid cash share issuance costs of \$208,569 and issued 1,274,000 finder's warrants valued at \$407,228 in relation to the private placement. Each finder's warrant entitles the holder to purchase a finder's unit at an exercise price of \$0.16 per unit. Each finder's unit is comprised of one Class A common share and one share purchase warrant which entitles the holder to purchase one Class A common share at an exercise price of \$0.21 per share for a period of two years from the date of issue of the finder's units.

In April 2016, the Company issued 425,964 Class A common shares at a fair value of \$85,193 to certain of its suppliers as payment for services provided.

In March 2016, the Company completed a share purchase agreement with a third party. The Company acquired 50,000 shares of Till Capital Ltd. and issued 1,875,000 units to the vendor in consideration at a fair value of \$210,000. Each unit consists of one Class A common share and one share purchase warrant, with each warrant exercisable at \$0.15 cents for two years.

In February 2016, the Company closed a private placement for 2,315,000 units and 250,000 flow-through units each at a price of \$0.10 per unit for total proceeds of \$256,500. Each unit and flow-through unit consists of one Class A common share and one share purchase warrant. Each warrant forming part of a unit will entitle the holder to purchase one additional Class A common share, exercisable at a price of \$0.15 per share for a period of two years from the date of issue of such warrant. Each warrant forming part of a flow-through unit will entitle the holder to purchase one additional flow-through Class A common share, exercisable at a price of \$0.15 per share for a period of two years from the date of issue of such warrant. The Company paid share issuance costs of \$7,783.

During the year ended December 31, 2016, the Company issued:

- 135,000 Class A common shares at a fair value of \$27,000 to employees and contractors involved in the Company's bulk sample program on the 3 Aces property,
- 3,415,000 Class A common shares for proceeds of \$683,250 related to the exercise of warrants and,
- 427,500 Class A common shares for proceeds of \$80,100 related to the exercise of stock options.

During the year ended December 31, 2015, the Company issued 3,948,571 Class A common shares at \$0.12 for a fair value of \$473,829 under the terms of the Promissory Note (Note 7).

### b) Stock options and warrants

The Company has a stock option plan under which directors, officers, employees, management and consultants of the Company are eligible to receive stock options. The maximum number of common shares issuable pursuant to the exercise of outstanding options granted under the plan is 10% of the issued shares of the Company at the time of granting the options. The maximum number of stock options granted to any one optionee in a 12-month period may not exceed 5% of the outstanding common shares of the Company. Options granted under the plan may not exceed a term of ten years and vest at terms determined by the directors at the time of grant. The exercise price, expiry date, and vesting term of each option is determined by the directors at the time of grant, provided that the exercise price may not be less than the price permitted by the policy or policies of the stock exchange(s) on which the Company's common shares are then listed.

# Golden Predator Mining Corp.

Notes to the Consolidated Financial Statements  
For the years ended December 31, 2016 and 2015  
(in Canadian dollars)

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## 11. SHARE CAPITAL (CONT'D)

During the year ended December 31, 2016, the Company recognized stock-based compensation related to options of \$1,329,518 (2015 - \$58,610). The weighted average fair value of options granted in the year ended December 31, 2016 was \$0.45 (2015 - \$0.05) per share.

The fair value of all compensatory options granted is estimated on the grant date using the Black-Scholes option pricing model. The weighted average assumptions used in calculating the fair values are as follows:

|                                 | <u>2016</u> | <u>2015</u> |
|---------------------------------|-------------|-------------|
| Risk-free interest rate         | 0.57%       | 0.72%       |
| Expected life of option         | 3 years     | 3 years     |
| Expected dividend yield         | 0%          | 0%          |
| Expected stock price volatility | 137.66%     | 79.57%      |

Stock options transactions are summarized as follows:

|                                | <b>Outstanding Options</b> | <b>Weighted Average Exercise Price</b> |
|--------------------------------|----------------------------|--|
| Balance, December 31, 2014     | 1,312,857                  | \$0.22                                 |
| Granted                        | 1,005,000                  | 0.12                                   |
| Expired                        | (482,857)                  | 0.32                                   |
| Balance, December 31, 2015     | 1,835,000                  | \$0.16                                 |
| Granted                        | 4,542,000                  | 0.56                                   |
| Exercised                      | (427,500)                  | 0.19                                   |
| Forfeited                      | (15,000)                   | 0.69                                   |
| Balance, December 31, 2016     | 5,934,500                  | \$0.46                                 |
| Exercisable, December 31, 2016 | 3,227,375                  |  |

# Golden Predator Mining Corp.

Notes to the Consolidated Financial Statements  
For the years ended December 31, 2016 and 2015  
(in Canadian dollars)

## 11. SHARE CAPITAL (CONT'D)

As at December 31, 2016, incentive stock options were outstanding as follows:

| <b>Outstanding<br/>Options</b> | <b>Exercise Price (\$)</b> | <b>Expiry Date</b> |
|--------------------------------|----------------------------|--------------------|
| 575,000                        | 0.22                       | August 1, 2017     |
| 450,000                        | 0.10                       | November 17, 2017  |
| 40,000                         | 0.12                       | March 23, 2018     |
| 125,000                        | 0.12                       | June 22, 2018      |
| 292,500                        | 0.14                       | October 1, 2018    |
| 865,000                        | 0.17                       | February 25, 2019  |
| 40,000                         | 0.25                       | May 2, 2019        |
| 400,000                        | 0.43                       | May 24, 2019       |
| 1,690,000                      | 0.66                       | June 3, 2019       |
| 75,000                         | 0.95                       | June 20, 2019      |
| 140,000                        | 0.82                       | July 20, 2019      |
| 155,000                        | 0.91                       | August 10, 2019    |
| 687,000                        | 0.69                       | October 7, 2019    |
| 25,000                         | 0.72                       | October 11, 2019   |
| 25,000                         | 0.80                       | October 14, 2019   |
| 25,000                         | 0.75                       | October 19, 2019   |
| 60,000                         | 0.77                       | November 1, 2019   |
| 10,000                         | 0.77                       | November 9, 2019   |
| 30,000                         | 0.56                       | November 23, 2019  |
| 225,000                        | 0.56                       | November 23, 2021  |
| <b>5,934,500</b>               | <b>0.46</b>                |                    |

As at December 31, 2015, incentive stock options were outstanding as follows:

| <b>Outstanding<br/>Options</b> | <b>Exercise Price (\$)</b> | <b>Expiry Date</b> |
|--------------------------------|----------------------------|--------------------|
| 875,000                        | 0.20                       | August 1, 2017     |
| 450,000                        | 0.10                       | November 17, 2017  |
| 40,000                         | 0.12                       | March 23, 2018     |
| 125,000                        | 0.12                       | June 22, 2018      |
| 345,000                        | 0.14                       | October 1, 2018    |
| <b>1,835,000</b>               | <b>0.16</b>                |                    |

# Golden Predator Mining Corp.

Notes to the Consolidated Financial Statements  
For the years ended December 31, 2016 and 2015  
(in Canadian dollars)

## 11. SHARE CAPITAL (CONT'D)

Share purchase warrant transactions are summarized as follows:

|  | <b>Outstanding<br/>Warrants</b> | <b>Weighted Average<br/>Exercise Price (\$)</b> |
|--|---------------------------------|---|
| Balance, December 31, 2015 and December 31, 2014 | -                               | -   |
| Granted  | 43,702,530                      | 0.40  |
| Exercised  | (3,415,000)                     | 0.20  |
| Balance, December 31, 2016                       | 40,287,530                      | 0.42  |

At December 31, 2016, warrants were outstanding as follows:

| <b>Outstanding<br/>Warrants</b> | <b>Exercise Price (\$)</b> | <b>Expiry Date</b>                   |
|---------------------------------|----------------------------|--------------------------------------|
| 2,000,000                       | 0.15                       | February 25, 2018                    |
| 1,875,000                       | 0.15                       | March 3, 2018                        |
| 24,150,000                      | 0.21                       | May 24, 2018                         |
| 1,274,000                       | 0.16                       | May 24, 2018 (finder's warrants) *   |
| 9,670,500                       | 1.00                       | July 26, 2018                        |
| 1,318,030                       | 1.00                       | July 26, 2018 (finder's warrants) ** |
| 40,287,530                      |                            |                                      |

\*These finder's warrants are exercisable into one Class A common share and one share purchase warrant. Each share purchase warrant entitles the holder to purchase one additional Class A common share at a price of \$0.21 until May 24, 2018.

\*\*These finder's warrants are exercisable into either a Class A common share or flow through Class A common share and one-half of one share purchase warrant. Each whole share purchase warrant entitles the holder to purchase one additional Class A common share at the price of \$1.00 per share until July 26, 2018.

At December 31, 2015, there were no warrants outstanding.

The fair value of all finder's units granted is estimated on the grant date using the Black-Scholes option pricing model. The weighted average assumptions used in calculating the fair values are as follows:

|                                 | <u>2016</u> | <u>2015</u> |
|---------------------------------|-------------|-------------|
| Risk-free interest rate         | 0.61%       | -           |
| Expected life of option         | 2 years     | -           |
| Expected dividend yield         | 0%          | -           |
| Expected stock price volatility | 104.71%     | -           |



## Golden Predator Mining Corp.

Notes to the Consolidated Financial Statements  
For the years ended December 31, 2016 and 2015  
(in Canadian dollars)

### 12. EXPLORATION EXPENSES

|                                    | 2016         | 2015       |
|------------------------------------|--------------|------------|
| Geological consulting and salaries | \$ 2,748,086 | \$ 88,283  |
| Drilling                           | 1,200,909    | 27,136     |
| Geochemistry                       | 738,182      | (38,782)   |
| Supplies                           | 547,795      | 682        |
| Fuel                               | 388,521      | 2,005      |
| Transportation and travel          | 359,355      | 1,468      |
| Camp and accommodations            | 345,054      | 11,751     |
| Helicopter                         | 274,919      | 14,985     |
| Trenching and sampling             | 270,685      | 19,702     |
| Shipping and expediting            | 187,364      | 1,346      |
| Depreciation                       | 181,694      | 202,965    |
| Assays                             | 161,039      | -          |
| Economic studies                   | 144,940      | -          |
| Miscellaneous                      | 99,136       | 1,875      |
| Equipment rental                   | 97,712       | -          |
| Environment                        | 59,262       | 24,050     |
| Mapping                            | 52,955       | 945        |
| Other exploration costs            | 47,832       | 6,397      |
| Excavation                         | 34,725       | -          |
| Baseline monitoring                | 20,258       | 36,262     |
| Permitting                         | 16,040       | 16,858     |
| Tax credits                        | -            | (11,901)   |
| Cost recoveries                    | (139,262)    | (26,257)   |
|                                    | \$ 7,837,201 | \$ 379,770 |

### 13. GENERAL AND ADMINISTRATIVE EXPENSES

|   | 2016         | 2015       |
|---|--------------|------------|
| Share-based compensation                    | \$ 1,329,518 | \$ 58,610  |
| Travel, shareholder relations and promotion | 544,037      | 74,736     |
| Professional fees                           | 286,887      | 104,376    |
| Office and insurance                        | 229,795      | 64,090     |
| Consulting fees                             | 215,950      | 63,420     |
| Regulatory & compliance                     | 82,266       | 35,248     |
|   | \$ 2,688,453 | \$ 400,480 |

# Golden Predator Mining Corp.

Notes to the Consolidated Financial Statements  
For the years ended December 31, 2016 and 2015  
(in Canadian dollars)

## 14. SUPPLEMENTAL CASH FLOW INFORMATION

### Net change in non-cash working capital

|  | 2016         | 2015        |
|--|--------------|-------------|
| Accounts receivable                      | \$ (263,728) | \$ 11,475   |
| Prepaid expenses and deposits            | (97,135)     | 11,800      |
| Accounts payable and accrued liabilities | 1,945,070    | \$(141,078) |
|  | \$ 1,584,207 | (117,803)   |

### Non-cash financing and investing activities

|  | 2016         | 2015         |
|--|--------------|--------------|
| Payment on debt by issue of common shares                              | \$ 281,914   | \$ 473,829   |
| Payment on debt by settlement of derivative                            | -            | 908,171      |
| Exercise of stock options  | 26,763       | -            |
| Premium received on flow-through shares in private placement (note 10) | 996,600      | -            |
| Finders' units issued  | 1,013,401    | -            |
| Shares received for share purchase agreement                           | 210,000      | -            |
| Shares received for mineral properties (note 6d,6e)                    | 145,573      | \$ -         |
|  | \$ 2,674,251 | \$ 1,382,000 |

## 15. RELATED PARTY TRANSACTIONS

### a) Key management compensation

The compensation paid or payable to key management for management services provided is as follows:

|                                | 2016         | 2015      |
|--------------------------------|--------------|-----------|
| Management and consulting fees | \$ 215,951   | \$ 5,208  |
| Salary                         | 16,666       | -         |
| Stock-based compensation       | 788,715      | 6,895     |
|                                | \$ 1,021,332 | \$ 12,103 |

### b) Other transactions

In August 2014, the Company entered into a Mining Lease and Sublease Agreement (the "Agreement") with a company owned by the Chairman of the Board, Platoro West Inc. ("Platoro") on its Castle West property in Esmeralda County, Nevada. The Castle West property consists of 74 unpatented claims leased from Platoro and two subleases of an additional 10 claims. The Agreement required payments to Platoro totaling US\$175,000 over six years, with annual payments of US\$35,000 commencing on the seventh anniversary

# Golden Predator Mining Corp.

Notes to the Consolidated Financial Statements  
For the years ended December 31, 2016 and 2015  
(in Canadian dollars)

## 15. RELATED PARTY TRANSACTIONS (CONT'D)

During the year ended December 31, 2016, the Company made total option payments of US\$33,055 (2015-\$nil). (See Note 20 (c)).

### c) Balances outstanding

There was \$2,777 due to related parties recorded in accounts payable and accrued liabilities at December 31, 2016 (2015 - \$0).

### d) Loans payable

During the year ended December 31, 2016, the Company received additional loans in the amount of \$117,935 (2015 - \$257,369) from a director. During the year ended December 31, 2016, the Company repaid the loans owed to the director in full for \$335,304 (2015 - \$40,000). The Director waived the interest owed on the loans and accordingly the Company recorded a gain on forgiveness of interest for \$12,701.

## 16. INCOME TAXES

A reconciliation of income taxes at statutory rates with the reported taxes is as follows:

|   | 2016            | 2015           |
|---|-----------------|----------------|
| Earnings (Loss) for the year  | \$ (10,647,419) | \$ (5,416,617) |
| Expected income tax (recovery)  | (2,768,000)     | (1,434,000)    |
| Impact of different foreign statutory tax rates on earnings of subsidiaries | (52,000)        | (8,000)        |
| Permanent differences   | 351,000         | 1,161,000      |
| Impact of flow-through shares   | 1,928,000       | -              |
| Tax effect of flow through premium recognized in income                     | (197,000)       | -              |
| Share issue costs   | (389,000)       | -              |
| True up of prior year provision to statutory tax returns                    | 4,000           | (689,000)      |
| Change in unrecognized deductible temporary differences and other           | 1,123,000       | 970,000        |
| Total income tax expense (recovery)   | \$ -            | \$ -           |

The significant components of the Company's unrecorded deferred tax assets are as follows:

|  | 2016          | 2015          |
|--|---------------|---------------|
| <b>Deferred Tax Assets (Liabilities)</b>       |               |               |
| Share issue costs                              | \$ 323,000    | \$ 90,000     |
| Allowable capital losses                       | 2,348,000     | 2,348,000     |
| Non-capital losses available for future period | 6,135,000     | 5,588,000     |
| Property and equipment                         | 758,000       | 737,000       |
| Canadian eligible capital                      | 142,000       | 152,000       |
| Exploration and evaluation assets              | 9,730,000     | 9,439,000     |
| Marketable securities                          | (23,000)      | (1,000)       |
| Unrecognized deferred tax assets               | \$ 19,413,000 | \$ 18,353,000 |

The unrecognized deferred tax assets of \$19.4 million (2015- \$18.4 million) include \$21.9 million (2015- \$20 million) of non-capital losses for \$23.1 million (2015-\$20.3 million) which expire between 2026 and 2039, and resource pool for \$35 million (2015-\$48.70 million) with no expiry date.

# Golden Predator Mining Corp.

Notes to the Consolidated Financial Statements  
For the years ended December 31, 2016 and 2015  
(in Canadian dollars)

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## 17. SEGMENT INFORMATION

The Company operates in two segments, which is the exploration and development of resource properties in Canada and the USA.

|                           | Canada |           | United States |        | Total        |
|---------------------------|--------|-----------|---------------|--------|--------------|
| <b>Mineral Properties</b> | \$     | 6,348,991 | \$            | 92,641 | \$ 6,441,632 |

## 18. FINANCIAL INSTRUMENTS

Financial instruments include cash and any contract that give rise to a financial asset to one party and a financial liability or equity instrument to another party. As at December 31, 2016 and 2015, the Company's carrying values of cash and cash equivalents and accounts payable approximate their fair values due to their short term to maturity.

The three levels of the fair value hierarchy are:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly;  
and

Level 3 – Inputs that are not based on observable market data.

At December 31, 2016 and 2015, the Company's investments are based on level 1 inputs of the fair value hierarchy and the Promissory Note is based on level 2 inputs of the fair value hierarchy. Investment values are based on the closing trading price of the shares on public stock exchanges at the year-end date. The Promissory Note is carried at amortized cost using the effective interest rate method. The fair value of the Promissory Note was estimated using a discounted cash flow calculation, using a discount rate of 15.00% which is management's estimate of the Company's cost of borrowing.

### Financial Risks Management

#### Market risk

Market risk is the risk of loss that may arise from changes in market fluctuations such as those listed below. The fluctuations may be significant.

#### Foreign exchange risk

The Company operates mainly in Canada but a small portion of the Company's financial assets and liabilities are denominated in US dollars. The Company does not undertake currency hedging activities but continuously monitors its exposure to foreign exchange risk to determine if any mitigation strategies warrant consideration. A 10% fluctuation in the US dollar against the Canadian dollar would affect net comprehensive loss for the period by approximately \$7,213 (2015-\$1,803).

# Golden Predator Mining Corp.

Notes to the Consolidated Financial Statements  
For the years ended December 31, 2016 and 2015  
(in Canadian dollars)

## 18. FINANCIAL INSTRUMENTS (CONT'D)

### Credit risk

Credit risk is the risk of loss associated with counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash and cash equivalents, receivables and reclamation bonds. The Company has no significant concentration of credit risk arising from operations. Cash and cash equivalents consist of cash held in bank accounts and accounts receivable consists of goods and services tax and a minimal amount of accrued interest on guaranteed investment certificates, for which management believes the risk of loss to be minimal. Reclamation bonds consist of term deposits and guaranteed investment certificates, which have been invested with reputable financial institutions, from which management believes the risk of loss to be minimal.

### Interest rate risk

Interest rate risk mainly arises from the Company's cash and cash equivalents, which receive interest based on market interest rates. Fluctuations in interest cash flows due to changes in market interest rates are negligible. The Company's borrowings are at fixed rates. The fair value of the fixed-rate Promissory Note fluctuates with changes in market interest rates, but the cash flows do not.

### Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its current obligations as they become due. The Company prepares annual exploration and administrative budgets and monitors expenditures to manage short-term liquidity. Due to the nature of the Company's activities, funding for long-term liquidity needs is dependent on the Company's ability to obtain additional financing through various means, including equity financing. There can be no assurance that the Company will be able to obtain adequate financing or that the terms of such financing will be favourable. At December 31, 2016, the Company had working capital of \$6,873,157 (2015 - working capital deficiency of \$906,587)

The following tables detail the Company's expected remaining contractual cash flow requirements for its financial liabilities on repayment or maturity periods. The amounts presented are based on the contractual undiscounted cash flows and may not agree with the carrying amounts on the Statements of Financial Position.

As at December 31, 2016

|  | Up to 1 year | 1-5 years    | Total        |
|--|--------------|--------------|--------------|
| Accounts payable and accrued liabilities | \$ 2,073,937 | \$ -         | \$ 2,073,937 |
| Flow-through share premium liability     | 238,400      | -            | 238,400      |
| Promissory note                          | 1,000,000    | 2,200,000    | 3,200,000    |
|  | \$ 3,312,337 | \$ 2,200,000 | \$ 5,512,337 |

As at December 31, 2015

|  | Up to 1 year | 1-5 years    | Total        |
|--|--------------|--------------|--------------|
| Accounts payable and accrued liabilities | \$ 356,360   | \$ -         | \$ 356,360   |
| Flow-through share premium liability     | 222,753      | -            | 222,753      |
| Promissory note                          | 572,710      | 3,200,000    | 3,772,710    |
|  | \$ 1,151,823 | \$ 3,200,000 | \$ 4,351,823 |

# Golden Predator Mining Corp.

Notes to the Consolidated Financial Statements  
For the years ended December 31, 2016 and 2015  
(in Canadian dollars)

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## 18. FINANCIAL INSTRUMENTS (CONT'D)

### Capital Management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the exploration and development of its mineral properties, acquire additional mineral property interests and to maintain a flexible capital structure that optimizes the costs of capital at an acceptable level of risk. In the management of capital, the Company includes components of shareholders' equity.

The Company manages the capital structure and adjusts it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, issue debt, acquire or dispose of assets or adjust the amount of cash and cash equivalents and investments.

The Company is not currently subject to externally imposed capital requirements. There were no changes in the Company's approach to capital management during the years ended December 31, 2016 and 2015.

## 19. COMMITMENTS

- a) During the current year, the Company signed a lease agreement for office space for a lease commencing October 1, 2016 and ending September 30, 2021. The Company committed to the following annual lease payments:

| <u>Year</u> | <u>Payments</u> |
|-------------|-----------------|
| 2017        | \$24,030        |
| 2018        | \$25,110        |
| 2019        | \$26,190        |
| 2020        | \$27,270        |
| 2021        | \$21,060        |

As of December 31, 2016, the Company has prepaid a rental deposit of \$14,190 and rent of \$5,940.

- b) On January 28, 2013, the Company entered into the Exploration Memorandum of Understanding (the "MOU") with Kaska Nation represented by the Ross River Dena Council and Liard First Nation regarding exploration activity in their traditional territory.

On December 22, 2016, a letter regarding the MOU confirmed the Community Development fee of 2% of estimated 2015 and 2016 "on the ground" exploration expenditures. Accordingly, \$100,000 was paid to the Kaska Natural Resource Alliance during the year ended December 31, 2016 (2015 - Nil) and \$25,966 subsequent to year-end.

## 20. SUBSEQUENT EVENTS

Subsequent to the year ended December 31, 2016, the Company:

- a) Received proceeds of \$257,188 from the exercise of 731,250 options and proceeds of \$1,282,423 from the exercise of 3,505,048 warrants.

# Golden Predator Mining Corp.

Notes to the Consolidated Financial Statements  
For the years ended December 31, 2016 and 2015  
(in Canadian dollars)

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## 20. SUBSEQUENT EVENTS (CONT'D)

- b) Completed a bought deal offering by way of short form prospectus. A total of 7,187,500 Class A common shares at a price of \$1.60 per share and 3,108,450 flow-through Class A common shares at a price of \$1.85 per flow-through share were sold for aggregate gross proceeds of \$17,250,633. The offering was completed pursuant to an underwriting agreement dated February 23, 2017 among Clarus Securities Inc. as lead underwriter, GMP Securities L.P. (together, the "Underwriters") and the Company. The Company paid a 6.9% commission and issued 251,562 share purchase warrants to the Underwriters. The Underwriters' warrants are exercisable into Class A common shares at a price of \$1.60 per share, for a period of two years from the closing date.
- c) Returned the Castle West property to Platoro, owned by a related company, wrote off the December 31, 2016 balance of the property of \$92,641 and paid additional lease fees of US\$20,500 to Platoro.
- d) Entered into a mineral property purchase agreement with Bearing Resources Ltd. ("Bearing") for the purchase of certain minerals claims (the "Claims") located in the Upper Hyland River area in the southeast region of the Yukon Territory. In consideration for the Claims, the Company agreed to pay to Bearing an aggregate cash payment of \$275,000, payable over a 48-month period from the execution date of the agreement (the "Execution Date"). In addition, the Company agreed to issue 35,000 Class A common shares of the Company to Bearing upon TSXV approval and a further 50,000 Class A common shares of the Company on the date that is 8 months from the Execution Date, assuming the completion of the proposed transaction to be completed by Bearing and Li3 Energy Inc. The Company also agreed to issue up to \$600,000 worth of Class A common shares of the Company to Bearing on the dates that are 20 months, 32 months, and 48 months from the Execution Date, at a price per share equal to the 21-day VWAP as at the date of issuance, subject to a floor price equal to the minimum price permitted under the TSXV policies. The Company agreed to grant to Bearing a 2% net smelter return royalty on certain of the Claims and a 1% net smelter return royalty on the remaining Claims (the "NSR Bearing"). The Company may repurchase 50% of the NSR Bearing, at any time, for the purchase price of \$1,000,000.
- e) Entered into a mineral property option agreement with Precipitate Gold Corp. ("Precipitate") pursuant to which the Company may acquire Precipitate's interest in certain mineral claims known as the Reef property (the "Reef Claims") located adjacent to the northern boundary of the 3 Aces Project in the southeast region of the Yukon Territory. In consideration for the Reef Claims, the Company agreed to pay to Precipitate \$1,050,000 over a 36-month period from the closing date of the option agreement. In addition, the Company has issued 100,000 Class A common shares and 100,000 warrants of the Company to Precipitate and agreed to issue a further 100,000 Class A common shares and 100,000 warrants of the Company on the date that is 12 months from the closing date of the option agreement. The warrants will be exercisable for a period of three years from the closing date of the option agreement at a price of \$1.50 and \$2.00, respectively. The Company also agreed to issue up to \$300,000 worth of Class A common shares of the Company to Precipitate on the dates that are 24 months and 36 months from the closing date of the option agreement, at a price per share equal to the 21-day VWAP as at the date of issuance, subject to a floor price equal to the minimum price permitted under the TSXV policies. In addition, the Company agreed to issue 300,000 warrants on each of the dates that are 24 months and 36 months from the closing date of the option agreement, with the exercise price to be equal to 150% of the 21-day VWAP as at the date of issuance, and having a three-year exercise period. The Company agreed to grant to Precipitate a 2% net smelter return royalty on certain of the Reef Claims and a 1% net smelter return royalty on the remaining Reef Claims (the "NSR Reef"). The Company may repurchase 25% of the NSR Reef, at any time, for the purchase price of \$1,000,000 and a further 25% for a purchase price of \$1,500,000.
- f) Submitted a bond to the Government of Yukon for \$218,020 as security for reclamation requirements with respect to the 3 Aces Project.

## Golden Predator Mining Corp.

Notes to the Consolidated Financial Statements  
For the years ended December 31, 2016 and 2015  
(in Canadian dollars)

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### 20. SUBSEQUENT EVENTS (CONT'D)

- g) Entered into a building lease agreement commencing February 1, 2017, for a period of three years. The Company is leasing a building in the Watson Lake, Yukon for \$1,800 per month for the first six months, payable in advance, and for \$1,300 per month thereafter, with the reduction in the lease fee of \$500 per month subject to flooring improvements to be made by the Company.
- h) Granted 1,000,000 stock options to directors, advisors, officers and employees of the Company. The stock options are exercisable for three years at an average exercise price of \$1.46 per common share. Vesting will occur over a period of two years, with an initial 25% of the stock options vesting 6 months from the date of grant, followed by an additional 25% of the stock options vesting every six months thereafter until fully vested.
- i) Made a payment of \$1,000,000 of principal plus \$216,373 in interest to Till Capital Inc. in respect of the Promissory Note for the Brewery Creek Project.
- j) Entered into a building lease agreement commencing May 15, 2017, for a period of one year. The Company is leasing a unit in a building in Whitehorse, Yukon for \$2,000 per month, payable on the 15<sup>th</sup> of each month. A discount of \$2,000 was provided to the Company.