Golden Predator Mining Corp.

(An exploration stage company)

Condensed Interim Consolidated Financial Statements

For the nine months ended September 30, 2016 and 2015

(Unaudited – Prepared by Management)

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

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

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

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

GOLDEN PREDATOR MINING CORP.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(UNAUDITED – PREPARED BY MANAGEMENT)
(EXPRESSED IN CANADIAN DOLLARS)
AS AT

	September 30, 2016	December 31, 2015
ASSETS		
Current		
Cash	$ 13,206,977	$ 174,797
Investments	321,185	42,884
Accounts receivable	145,182	6,809
Prepaid expenses and deposits	88,948	20,746
Due from related party (note 13)	26,184	-
	13,788,476	245,236
Reclamation bonds (note 6)	455,163	488,663
Property, plant and equipment (note 3)	1,030,189	195,142
Mineral properties (note 4)	6,566,631	7,050,017
Total assets	$ 21,840,459	$ 7,979,058
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Accounts payable and accrued liabilities	$ 937,470	$ 356,360
Due to related party (note 13)	13,636	-
Flow-through share premium liability (note 8)	663,400	-
Loans payable (note 7)	-	222,753
Promissory note (note 5)	1,000,000	572,710
	2,614,506	1,151,823
Non-current liabilities		
Promissory note (note 5)	2,037,884	2,916,202
Total liabilities	4,652,390	4,068,025
Shareholders' Equity		
Share capital (note 9)	41,768,992	28,645,709
Contributed surplus	4,422,987	2,707,886
Accumulated other comprehensive loss	96,564	(38,804)
Deficit	(29,100,474)	(27,403,758)
Total shareholders' equity	17,188,069	3,911,033
Total liabilities and shareholders' equity	$ 21,840,459	$ 7,979,058

Nature of operations and going concern (note 1)
Subsequent events (note 17)

Approved by the Board of Directors on November 21, 2016

"Greg Hayes"	*"Jesse Duke"*
Director	Director

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

GOLDEN PREDATOR MINING CORP.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(UNAUDITED – PREPARED BY MANAGEMENT)
(EXPRESSED IN CANADIAN DOLLARS)

	Three months ended: September 30, 2016	Three months ended: September 30, 2015	Nine Months ended: September 30, 2016	Nine Months ended: September 30, 2015
Expenses				
Exploration (note 10)	$ 2,363,274	$ 161,016	$ 3,592,120	$ 334,105
Write-off of mineral properties (note 4)	-	-	-	895,454
Loss on sale of mineral properties (note 4)	-	-	473,912	-
General and administrative (note 11)	682,028	76,574	1,421,700	331,227
	(3,045,302)	(237,590)	(5,487,732)	(1,560,786)
Loss on derivative asset	-	(2,753,954)	-	(3,111,264)
Loss on settlement of accounts payable	(46,721)	-	(54,421)	-
Gain on forgiveness of loan interest	-	-	12,701	-
Interest expense on promissory note (note 5)	(105,154)	(26,710)	(266,422)	(284,753)
Interest expense on loans payable (note 7)	-	-	(7,316)	-
Realized gain (loss) on investments	11,721	(36,571)	330	(39,366)
Settlement of flow-through share premium liabilities (note 8)	333,200	-	333,200	-
Foreign exchange loss	(1,780)	(35,329)	(5,921)	(37,409)
Other income	-	-	-	32,988
Loss for the period	$ (2,854,036)	$ (3,090,154)	$ (5,475,581)	$ (5,000,590)
Other comprehensive income (loss)				
Realized loss (gain) on investments	(11,721)	-	(330)	-
Unrealized gain (loss) on available-for-sale investments	123,078	23,586	135,368	(15,777)
Other comprehensive loss for the period	$ (2,742,679)	$ (3,066,568)	$ (5,340,543)	$ (5,016,367)
Basic and diluted loss per share	$ (0.04)	$ (0.10)	$ (0.11)	$ (0.17)
Weighted average number of shares outstanding	68,578,445	31,670,250	49,292,646	30,131,470

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

GOLDEN PREDATOR MINING CORP.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2016 AND 2015
(UNAUDITED – PREPARED BY MANAGEMENT)
(EXPRESSED IN CANADIAN DOLLARS)

		2016		2015
CASH FLOWS FROM OPERATING ACTIVITIES				
Loss for the period	$	(5,475,581)	$	(5,000,590)
Items not affecting cash:				
Depreciation		121,101		234,658
Interest expense		266,422		284,753
Interest expense on loans payable		7,316		-
Settlement of flow-through share premium liabilities		(333,200)		-
Loss on derivative asset		-		3,111,264
Write-off of mineral properties		-		895,454
Share-based compensation		748,713		46,826
Shares issued for services		27,000		-
Disposal of field equipment		-		2,559
Gain (Loss) on investments		(330)		39,366
Loss on settlement of accounts payable		54,421		-
Gain on forgiveness of loan interest		(12,701)		-
Loss on sale of mineral properties		473,912		-
Net Changes in non-cash working capital (note 12)		589,482		32,383
Net cash used in operating activities		(3,533,445)		(353,327)
CASH FLOWS FROM FINANCING ACTIVITIES				
Loan proceeds		117,935		155,650
Repayment of loans payable		(335,304)		-
Repayment of promissory note		(717,450)		-
Repurchase shares to treasury		(1,546,823)		-
Options exercised		80,100		-
Warrants exercised		370,875		-
Private placements		20,937,780		-
Share issuance costs		(1,495,710)		-
Net cash provided by investing activities		17,411,403		155,650
CASH FLOWS FROM INVESTING ACTIVITIES				
Acquisition of mineral properties		(297,484)		(31,991)
Cost recoveries		139,262		-
Acquisition of capital assets		(956,148)		-
Option payment received		-		50,000
Proceeds from sale of mineral property		112,123		-
Proceeds from sale of investments		122,969		52,866
Release of reclamation bonds		33,500		-
Net cash provided by (used in) investing activities		(845,778)		70,875
Change in cash		13,032,180		(126,802)
Cash, beginning of period		174,797		134,742
Cash, end of period	$	13,206,977	$	7,940

Non-cash financing and investing activities (note 12)

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

GOLDEN PREDATOR MINING CORP.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2016 AND 2015
(UNAUDITED – PREPARED BY MANAGEMENT)
(EXPRESSED IN CANADIAN DOLLARS)

	Number of Shares	Share Capital	Contributed Surplus	Accumulated Other Comprehensive Loss	Deficit	Total
Balance as at December 31, 2014	**27,721,679**	**$ 28,171,881**	**$ 2,649,276**	**$ (22,660)**	**$ (21,987,141)**	**$ 8,811,356**
Share-based compensation	-	-	46,826	-	-	46,826
Shares issued for promissory note	3,948,571	473,829	-	-	-	473,829
Other comprehensive loss	-	-	-	(15,777)	-	(15,777)
Net loss	-	-	-	-	(5,000,590)	(5,000,590)
Balance as at September 30, 2015	**31,670,250**	**$ 28,645,710**	**$ 2,696,102**	**$ (38,437)**	**$ (26,987,731)**	**$ 4,315,644**
Balance as at December 31, 2015	**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	-	-	-	20,937,780
Share issuance costs	-	(1,495,710)	-	-	-	(1,495,710)
Finder's units issued	-	(993,151)	993,151	-	-	-
Shares issued for debt	671,865	281,914	-	-	-	281,914
Stock options exercised	427,500	106,863	(26,763)	-	-	80,100
Warrants exercised	1,927,500	370,875	-	-	-	370,875
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)
Share-based compensation	-	-	748,713	-	-	748,713
Shares returned to treasury	(10,312,154)	(5,325,688)	-	-	3,778,865	(1,546,823)
Other comprehensive income	-	-	-	135,368	-	135,368
Net loss	-	-	-	-	(5,475,581)	(5,475,581)
Balance as at September 30, 2016	**75,300,961**	**$ 41,768,992**	**$ 4,422,987**	**$ 96,564**	**$ (29,100,474)**	**$ 17,188,069**

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

1. NATURE OF OPERATIONS AND GOING CONCERN

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 in Canada and the United States.

These unaudited condensed interim consolidated financial statements have been prepared using International Financial Reporting Standards ("IFRS") applicable to a going concern, which assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities and commitments in the normal course of operations. The Company has no source of operating cash flow and operations to date have been funded primarily from the issue of share capital. At September 30, 2016, the Company has a deficit of $29,100,474 (December 31, 2015 - $27,403,758) and incurred a net loss of $5,475,581 (2015 – 5,000,590). At September 30, 2016, the Company has a working capital of $11,173,970 (December 31, 2015 – working capital deficiency of $906,587).

The Company's continued operations are dependent on its ability to raise additional funding from loans or equity financings or through other arrangements. There is no assurance that future financing initiatives will be successful. These conditions give rise to a material uncertainty which casts significant doubt on the Company's ability to continue as a going concern and, therefore, its ability to realize its assets and discharge its liabilities in the normal course of business.

These condensed interim consolidated financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and balance sheet classifications that would be necessary were the going concern adjustment appropriate. Such adjustments could be material.

2. SIGNIFICANT ACCOUNTING POLICIES

a. Basis of consolidation

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

Subsidiaries are entities that the Company controls, either directly or indirectly. Control is defined as the exposure, or rights, to variable returns from involvement with an investee and the ability to affect those returns through power over the investee. Power over an investee exists when the Company has existing rights that give it the ability to direct the activities that significantly affect the investee's returns. This control is generally evidenced through owning more than 50% of the voting rights or currently exercisable potential voting rights of a company's share capital. 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.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

b. Basis of presentation and measurement

These condensed interim consolidated financial statements, including comparatives have been prepared using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and in accordance with International Accounting Standards ("IAS") 34, Interim Financial Reporting. The policies applied in these condensed interim consolidated financial statements are based on IFRS issued and effective as of September 30, 2016.

The Company uses the same accounting policies and methods of computation as in the annual audited consolidated financial statements for the year ended December 31, 2015. The condensed interim consolidated financial statements have been prepared on a historical cost basis except for certain financial instruments which have been measured at fair value, and are presented in Canadian dollars, which is the Company's functional currency.

c. Critical accounting estimates and judgments

The preparation of condensed interim 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 condensed interim consolidated 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-derivate 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 the current period, there is no derivative asset related to the Promissory Note.

d. New accounting policies

Inventory – Inventory consists of materials and supplies and finished goods and is recorded at the lower of weighted average cost or net realizable value.

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

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

New accounting standards and interpretation

The Company has reviewed new and revised accounting pronouncements that have been issued but are not yet effective. The Company has not early adopted any of these standards and is currently evaluating the impact, if any, that these standards might have on its financial statements.

Effective (proposed) for annual periods beginning on or after January 1, 2018:

IFRS 9, Financial Instruments – Classification and Measurement. IFRS 9 is a new standard on financial instruments that will replace IAS 39, Financial Instruments: Recognition and Measurement.

IFRS 9 addresses classification and measurement of financial assets and financial liabilities as well as de-recognition of financial instruments. IFRS 9 has two measurement categories for financial assets: amortized cost and fair value. All equity instruments are measured at fair value. A debt instrument is at amortized cost only if the entity is holding it to collect contractual cash flows and the cash flows represent principal and interest. Otherwise it is at fair value through profit or loss.

On January 13, 2016, the IASB issued IFRS 16, Leases ("IFRS 16"), according to which, all leases will be on the balance sheet of lessees, except those that meet the limited exception criteria. The standard is effective for annual periods beginning on or after January 1, 2019.

(EXPRESSED IN CANADIAN DOLLARS)

3. PROPERTY, PLANT AND EQUIPMENT

	Field equipment	Camp and camp equipment	Vehicles	Office equipment	Capital leases	Mill	Bridge	Total
Cost								
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	291,430	54,573	—	—	—	137,779	472,366	956,148
Balance – September 30, 2016	$ 698,450	$ 423,830	$ 93,890	$ 21,010	$ 42,350	$ 137,779	$ 472,366	$ 1,889,675
Accumulated Depreciation								
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	52,679	41,016	6,123	3,865	—	10,333	7,085	121,101
Balance – September 30, 2016	$ 334,337	$ 373,350	$ 72,799	$ 19,232	$ 42,350	$ 10,333	$ 7,085	$ 859,486
Net book value								
Balance – December 31, 2015	$ 125,362	$ 36,923	$ 27,214	$ 5,643	$ —	$ —	$ —	$ 195,142
Balance – September 30, 2016	$ 364,113	$ 50,480	$ 21,091	$ 1,778	$ —	$ 127,446	$ 465,281	$ 1,030,189

(EXPRESSED IN CANADIAN DOLLARS)

4. MINERAL PROPERTIES

	Sonora Gulch	Brewery Creek	3 Aces	Marg	Grew Creek	Other Properties	Total
Balance – December 31, 2014	$ 3,694,548	$ 1,313,032	$ 1,103,600	$ 661,817	$ 300,000	$ 1,155,602	$ 8,228,599
Acquisition costs	—	—	9,550	—	—	22,441	31,991
Impairment	—	—	—	—	—	(1,128,241)	(1,128,241)
Option payment - cash	—	—	—	(50,000)	—	—	(50,000)
Option payment - shares	—	—	—	(32,332)	—	—	(32,332)
Balance – December 31, 2015	$ 3,694,548	$ 1,313,032	$ 1,113,150	$ 579,485	$ 300,000	$ 49,802	$ 7,050,017
Acquisition costs	—	—	27,133	—	—	—	27,133
Option payment - cash	—	—	63,250	—	25,000	42,839	131,089
Proceeds from sale of property	—	—	—	(50,000)	—	—	(50,000)
Cost recoveries	—	—	(62,123)	—	—	—	(62,123)
Option payment - shares	—	—	—	(55,573)	—	—	(55,573)
Loss on sale of mineral property	—	—	—	(473,912)	—	—	(473,912)
Balance – September 30, 2016	$ 3,694,548	$ 1,313,032	$ 1,141,410	$ —	$ 325,000	$ 92,641	$ 6,566,631

a) Sonora Gulch, Yukon

The Company owns 100% of the Sonora Gulch property, subject to a remaining 1% net smelter royalty (NSR). The Company has the option and right to purchase 50% of the remaining 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.

b) Brewery Creek, Yukon

The Company owns 100% of the Brewery Creek Project, 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 paid on signing and $150,000 was paid during the period ended September 30, 2016 through issuance of 245,901 shares valued at $0.80 per share. Accordingly, the Company recorded a loss on settlement of accounts payable of $46,721.

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 the then applicable 5-day 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, amounts to $45,000 per annum. The Company has also agreed to pay the THFN a 2.5% NPR on revenue from the mine site, excluding the existing permitted area.

4. MINERAL PROPERTIES (cont'd)

c) 3 Aces, Yukon

The Company owns 100% of the 3 Aces property, subject to the NSR 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 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.

d) Marg, Yukon

The Company owned 100% of 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, Yukon. 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 period ended September 30, 2016, the Company received an additional 5,656,777 shares at a fair value of $55,573. During the period ended September 30, 2016, the optionee terminated the agreement and returned control of the project to the Company.

During the period ended September 30, 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). The Company also retained a 1% NSR which the vendor may repurchase for $1,000,000 at any time. Accordingly, the Company recorded a loss on sale of the property in the amount of $473,912.

e) Grew Creek, Yukon

The Company owns 100% of the Grew Creek property, subject to a 4% NSR. Subsequent to the period ended September 30, 2016, the Company entered into a Property Option Agreement with a third party of which the Company received $35,000 in cash and 500,000 common shares according to the terms of the agreement.

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%. Platoro is owned by a director of the Company and therefore the lease is considered a related party transaction.

4. MINERAL PROPERTIES (cont'd)

g) Other Properties

During the year ended December 31, 2015, the Company decided not to pursue certain properties and accordingly recorded impairments totaling $1,128,241.

5. PROMISSORY NOTE

In 2014, the Company completed the acquisition of all of the Yukon assets previously held by Americas Bullion Royalty Corp. In conjunction with the acquisition the Company issued a $4,700,000 promissory note (the "Promissory Note"). The Promissory Note bears interest at 6.00% per annum payable in tranches of $1,100,000, $1,600,000, and $2,000,000, plus accrued interest, on the first, second, and third anniversaries of the acquisition, respectively. At the Company's option, the principal and interest payments may be made in cash or common shares, where the number of shares is determined by reference to the Company's 14 day VWAP share price immediately prior to the respective payment date, less 20%. If the VWAP of the Company's shares on the TSX Venture Exchange for the fourteen trading days immediately preceding the date that is two days before the date of issue, is below $0.35 at the time of a payment which is to be settled in common shares of the Company, the Company will satisfy the payment based on a share price of $0.35. The Company may prepay the note at any time though payment of the then outstanding principal and accrued interest.

The Promissory Note is secured by the shares of Golden Predator Exploration Ltd. ("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) due June 1, 2016 (paid);
  - Principal amount of $1,000,000 due June 1, 2017;
  - Principal amount of $1,100,000 due June 1, 2018;
  - Principal amount of $1,100,000 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 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.

(EXPRESSED IN CANADIAN DOLLARS)

5. PROMISSORY NOTE (cont'd)

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 at the time of the Acquisition.

	Promissory Note
Carrying value - December 31, 2014	$ 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	266,422
Carrying value – September 30, 2016	$ 3,037,884

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.

During the period ended September 30, 2016, the Company made the second payment on the Promissory Note, including principal payment of $572,710 and interest payment 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 September 30, 2016.

(EXPRESSED IN CANADIAN DOLLARS)

6. RECLAMATION BONDS

The Company has posted interest and non-interest bearing bonds totaling $455,163 with a financial institution and the Canadian Government as security for reclamation requirements. During the period ended September 30, 2016, $33,500 (2015 - $nil) was released from the bonding requirement due to the sale of lands previously requiring bonding.

7. LOANS PAYABLE

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

8. FLOW-THROUGH SHARE PREMIUM LIABILITY

		Issued in July 2016
Balance at December 31, 2015	$	-
Liability incurred on flow-through shares issued		996,600
Settlement of flow-through share liability on expenditures incurred		(333,200)
Balance at September 30, 2016	$	663,400

9. SHARE CAPITAL

a) Shares issued

During the period ended September 30, 2016, the Company:

i) Closed a private placement for 2,315,000 units (the “NFT Units”) and 250,000 flow-through units (the “FT Units”) at a price of $0.10 per NFT and FT Unit for total proceeds of $256,500. Each FT Unit consists of one common share (the “FT Shares”) and one share purchase warrant (the “FT Warrants”). Each NFT Unit consists of one common share (the “NFT Shares”) and one share purchase warrant (the “NFT Warrants”). Each NFT Warrant will entitle the holder to purchase one additional common share, exercisable at a price of $0.15 per share for a period of two years from the date of issue of the NFT Warrants. Each FT Warrant will entitle the holder to purchase one additional flow-through common share, exercisable at a price of $0.15 per share for a period of two years from the date of issue of the FT Warrants. The Company paid share issuance costs of $7,783.

ii) 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 common share and one share purchase warrant, each warrant exercisable at $0.15 cents for two years.

iii) Issued 425,964 common shares at a fair value of $85,193 to certain of its suppliers as payment for services provided.

9. SHARE CAPITAL (cont'd)

a) Shares issued (cont'd)

iv) Issued 135,000 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.

v) Closed a private placement for 21,350,000 units (the "NFT Units) and 5,650,000 flow-through units (the "FT Units") at a price of $0.16 per NFT and FT Unit for total proceeds of $4,320,000. Each NFT and FT Unit consists of one common share (the "Shares") and one share purchase warrant (the "Warrants"). Each Warrant entitles the holder to purchase one additional 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 issued 1,274,000 finder's units at an exercise price of $0.16 per finder's unit in relation to the private placement at a fair value of $407,228. Each finder's unit is comprised of one common share and one share purchase warrant (the "Unit Warrant"). Each Unit Warrant entitles the holder to purchase one 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. The Company paid cash share issuance costs of $208,569 and issued 1,274,000 agent warrants valued at $407,228 in relation to the private placement.

vi) Issued 427,500 common shares for proceeds of $80,100 related to exercise of stock options.

vii) Returned 10,312,154 common shares to treasury at a fair value of $5,325,688. The shares were repurchased for $1,546,823 and as a result, the Company recorded $3,778,865 to Deficit.

viii) Issued 1,927,500 common shares for proceeds of $370,875 related to exercise of warrants.

ix) Issued 245,901 common shares at a fair value of $196,721 to Tr'ondëk Hwëch'in First Nation as settlement of agreement related to the Brewery Creek property.

x) Closed a private placement for 11,036,000 Non-Flow Through Units ("Non-Flow Through Unit") at a price of $0.73 per unit, and 8,305,000 Flow-Through Units (the "Flow Through Units" and collectively with the Non-Flow Through Units referred to herein as the "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 either a flow-through or non-flow-through common share of the Company, and one half of a share purchase warrant (each whole warrant referred to herein as a "Warrant"). Each Warrant entitles the holder to purchase one additional 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 $585,923 in connection with the private placement.

During the year ended December 31, 2015, the Company issued 3,948,571 common shares at $0.12 for a fair value of $473,829 under the terms of the promissory note described in note 5.

(EXPRESSED IN CANADIAN DOLLARS)

9. SHARE CAPITAL (cont'd)

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.

During the period ended September 30, 2016, the Company granted 3,440,000 (2015 – 165,000) options with a weighted average exercise price of $0.52 (2015 - $0.12). During the period ended September 30, 2016, the Company recognized stock-based compensation related to options of $748,713 (2015 - $46,826). The weighted average fair value of options granted in the period ended September 30, 2016 was $0.42 (2015 - $0.04) 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:

	2016	2015
Risk-free interest rate	0.54%	1.1%
Expected life of option	3 years	3 years
Expected dividend yield	0%	0%
Expected stock price volatility	135.91%	68.60%

(EXPRESSED IN CANADIAN DOLLARS)

9. SHARE CAPITAL (cont'd)

b) Stock options and warrants (cont'd)

Stock options transactions are summarized as follows:

	Outstanding Options	Weighted Average Exercise Price
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	3,440,000	0.52
Exercised	(427,500)	0.19
Balance, September 30, 2016	4,847,500	$ 0.41
Exercisable, September 30, 2016	2,362,500	

The weighted average share price for the options exercised was $0.90 (2015 - $nil)

As at September 30, 2016, incentive stock options outstanding were as follows:

Outstanding Options	Exercise Price	Expiry Date
575,000	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
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
4,847,500		

(EXPRESSED IN CANADIAN DOLLARS)

9. SHARE CAPITAL (cont'd)

b) Stock options and warrants (cont'd)

Warrants transactions are summarized as follows:

	Outstanding Warrants	Weighted Average Exercise Price
Balance, December 31, 2015 and 2014	-	$ -
Granted	43,702,530	0.40
Exercised	(1,927,500)	0.19
Balance, September 30, 2016	41,775,030	$ 0.41

As at September 30, 2016, warrants were outstanding as follows:

Outstanding Warrants	Exercise Price	Expiry Date
2,000,000	0.15	February 25, 2018
1,875,000	0.15	March 3, 2018
25,637,500	0.21	May 24, 2018**
1,274,000	0.16	May 24, 2018 (finder's units)*
9,670,500	1.00	July 26, 2018
1,318,030	1.00	July 26, 2018 (finder's units)
41,775,030		

*The finder's units are exercisable into one common share and one share purchase warrant. Each share purchase warrant entitles the holder to purchase one common share at an exercise price of $0.21 share until May 24, 2018.

**Subsequently issued 1,437,500 common shares for total proceeds of $301,875 related to the exercise of warrants.

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:

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

(EXPRESSED IN CANADIAN DOLLARS)

10. EXPLORATION EXPENSES

	Three Months Ended		Nine Months Ended	
	September 30, 2016	**September 30, 2015**	**September 30, 2016**	**September 30, 2015**
Geological consulting and salaries	$ 450,984	$ 14,526	$ 937,253	$ 70,343
Depreciation	47,581	74,342	121,101	234,658
Environment	7,531	20,812	23,409	20,812
Mapping	21,110	945	27,105	945
Drilling	473,622	25,950	527,626	25,950
Trenching and sampling	-	(1,465)	141,855	14,233
Permitting	-	1,258	16,040	16,858
Camp and accommodations	228,172	2,560	352,835	3,494
Fuel	98,671	2,005	116,612	2,005
Miscellaneous	3,148	1,375	17,113	1,375
Geochemistry	482,501	5,234	598,573	(37,679)
Transportation and travel	104,697	-	243,923	-
Helicopter	246,205	11,813	249,814	11,813
Supplies	140,330	315	223,080	315
Shipping and expediting	72,878	408	74,845	408
Truck rental	-	938	-	938
Economic studies	18,058	-	39,940	-
Cost recoveries	-	-	(139,262)	-
Gain on sale of fixed assets	-	-	-	(20,462)
Tax credits	-	-	-	(11,901)
Other exploration costs	(32,214)	-	20,258	-
	$ 2,363,274	$ 161,016	$ 3,592,120	$ 334,105

11. GENERAL AND ADMINISTRATIVE EXPENSES

	Three Months Ended		Nine Months Ended	
	September 30, 2016	**September 30, 2015**	**September 30, 2016**	**September 30, 2015**
Professional fees	$ 49,827	$ (15,565)	$ 145,936	$ 79,024
Management fees	38,961	-	51,948	-
Consulting fees	-	19,942	-	63,420
Share-based compensation	337,088	16,553	748,713	46,826
Regulatory & compliance	8,980	3,656	49,965	32,250
Office and insurance	53,134	14,966	68,858	49,150
Travel, shareholder relations and promotion	194,038	37,022	356,280	60,557
	$ 682,028	$ 76,574	$ 1,421,700	$ 331,227

(EXPRESSED IN CANADIAN DOLLARS)

12. SUPPLEMENTAL CASH FLOW INFORMATION

Net change in non-cash working capital

	Nine Months Ended September 30, 2016	Nine Months Ended September 30, 2015
Accounts receivable	$ (138,373)	$ 8,502
Prepaid expenses and deposits	(68,202)	33,078
Accounts payable and accrued liabilities	808,605	(9,197)
Due to/from related parties	(12,548)	-
	$ 589,482	$ 32,383

The Company's significant non-cash transactions during the period ended September 30, 2016 were as follows:

a) Issued 1,875,000 shares at a value of $210,000 for a share purchase agreement.

b) Received 5,656,777 shares at a fair value of $55,573 for a mineral property.

c) Issued 671,865 shares to settle accounts payable of $281,914.

d) Issued 2,592,030 finder's units at a fair value of $993,151.

e) Transferred a fair value of $26,763 from contributed surplus to share capital on the exercise of 427,500 stock options.

f) The premium received on flow-through shares issued in a private placement was determined to be $996,600 and has been recorded as a share capital reduction.

The Company's significant non-cash transactions during the period ended September 30, 2015 were as follows:

a) Issued 3,948,571 shares to Till Capital at a deemed price of $0.35 per share as per the Promissory Note agreement for a total payment of $1,382,000.

(EXPRESSED IN CANADIAN DOLLARS)

13. RELATED PARTY TRANSACTIONS

a) Key management compensation

During the period ended September 30, 2016, the Company paid management fees of $51,948 (2015 - $nil) to the Chief Executive Officer of the Company.

Share-based compensation includes stock options granted to directors and officers recorded at a fair value of $475,025 (2015 - $26,131).

b) Other transactions

Accounting, consulting, administrative and corporate communications services were formerly provided to the Company by a subsidiary of the controlling shareholder. During the period ended September 30, 2016, the Company recorded professional fees of $nil (2015 - $42,870), corporate communications expenses of $nil (2015 - $8,347), and consulting fees of $nil (2015 - $55,557) related to these services.

These services were incurred in the normal course of operations for general corporate matters, attendance at committee and board meetings, as well as evaluating business opportunities. All services were made on terms substantially equivalent to those that prevail with arm's length transactions.

c) Balances outstanding

During the period ended September 30, 2016, the Company advanced $26,184 (US$20,000) (December 31, 2015 - $nil) to a director for future expense reimbursements to be incurred in the normal course of operations for general corporate matters.

During the period ended September 30, 2016, the Company owed $13,636 (US$10,000) (December 31, 2015 - $nil) to the Chief Executive Officer of the Company for management fees.

d) Loans payable

During the period ended September 30, 2016, the Company received loans in the amount of $117,935 (December 31, 2015 - $257,370) from a director (note 7). During the period ended September 30, 2016, the Company repaid the principal amount of the loans in full for $335,304. The Director waived the interest owed on the loan and accordingly the Company recorded a gain on forgiveness of interest for $12,701.

14. 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
Mineral Properties	$ 6,473,990	$ 92,641	$ 6,566,631

15. 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 September 30, 2016, the Company's carrying values of cash and cash equivalents, accounts receivable, 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 September 30, 2016, the Company's cash and investments are based on level 1 inputs of the fair value hierarchy.

16. 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.

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, for which management believes the risk of loss to be minimal.

Management believes that the credit risk concentration with respect to receivables is 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.

16. FINANCIAL RISKS MANAGEMENT (cont'd)

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 September 30, 2016, the Company had a working capital of $11,173,970 (December 31, 2015 – working capital deficiency of $906,587). For additional information on liquidity, refer to Note 1.

17. SUBSEQUENT EVENTS

Subsequent to the period ended September 30, 2016, the Company:

a) Issued 1,437,500 common shares for total proceeds of $301,875 related to the exercise of warrants.

b) Granted 702,000 stock options at an exercise price of $0.69, granted 25,000 stock options at an exercise price of $0.72, granted 25,000 stock options at an exercise price of $0.80, granted 25,000 stock options at an exercise price of $0.75, and granted 70,000 stock options at an exercise price of $0.77.

c) Entered into a Property Option Agreement with a third party of which the Company received $35,000 in cash and 500,000 common shares according to the terms of the agreement.