



Golden Predator Mining Corp.
(An exploration stage company)

Condensed Interim Consolidated Financial Statements

For the nine months ended September 30, 2017 and 2016

(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 condensed consolidated financial statements, they must be accompanied by a notice indicating that the interim condensed consolidated financial statements have not been reviewed by an auditor.

The accompanying interim condensed consolidated 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 interim condensed consolidated financial statements in accordance with standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by the entity's auditor.

Golden Predator Mining Corp.

Condensed Interim Consolidated Statements of Financial Position

(Unaudited – Prepared by Management)

(in Canadian dollars)

	<u>September 30, 2017</u>	<u>December 31, 2016</u>
Assets		
Current assets		
Cash and cash equivalents	\$ 7,147,011	\$ 9,410,464
Marketable securities (note 3)	370,328	386,612
Accounts receivable (note 4)	533,013	270,537
Prepaid expenses and deposits	298,061	117,881
	<u>8,348,413</u>	<u>10,185,494</u>
Reclamation bonds (note 5)	673,183	455,163
Derivative asset (note 6)	262,500	-
Investment in associate (note 7)	1,868,682	-
Equipment (note 8)	1,988,809	1,261,494
Mineral properties (note 9)	6,307,534	6,441,632
	<u>\$ 19,449,121</u>	<u>\$ 18,343,783</u>
Liabilities and shareholders' equity		
Current liabilities		
Accounts payable and accrued liabilities	\$ 1,365,495	\$ 2,073,937
Promissory note (note 10)	-	1,000,000
Flow-through share premium liability (note 11)	-	238,400
	<u>1,365,495</u>	<u>3,312,337</u>
Non-current liabilities		
Promissory note (note 10)	-	2,146,809
	<u>1,365,495</u>	<u>5,459,146</u>
Shareholders' equity		
Share capital (note 12)	63,231,018	45,839,782
Contributed surplus	6,216,560	5,024,042
Accumulated other comprehensive loss	280,121	71,991
Deficit	(51,644,073)	(38,051,178)
	<u>18,083,626</u>	<u>12,884,637</u>
	<u>\$ 19,449,121</u>	<u>\$ 18,343,783</u>

Nature of operations (note 1)

See accompanying notes to these consolidated financial statements.

Approved by the board of directors:

"William Harris" Director

"Bradley Thiele" Director

Golden Predator Mining Corp.

Condensed Interim Consolidated Statements of Comprehensive Loss

(Unaudited – Prepared by Management)

(in Canadian dollars)

	<u>Three months ended</u> <u>September 30, 2017</u>	<u>Three months ended</u> <u>September 30, 2016</u>	<u>Nine months ended</u> <u>September 30, 2017</u>	<u>Nine months ended</u> <u>September 30, 2016</u>
Expenses				
Exploration (note 13)	\$ 5,553,078	\$ 2,363,274	\$ 12,028,319	\$ 3,592,120
General and administrative (note 14)	917,898	682,028	3,174,010	1,421,700
Impairment of mineral properties (note 9)	-	-	30,518	473,912
	<u>(6,470,976)</u>	<u>(3,045,302)</u>	<u>(15,232,847)</u>	<u>(5,487,732)</u>
Other income (expense)				
Gain on sale of mineral properties (note 9)	723,280	-	723,280	-
Settlement of flow-through share premium liabilities (note 11)	271,989	333,200	1,015,512	333,200
Gain on derivative asset (note 6)	178,977	-	178,977	-
Loss from investment in associate (note 7)	(81,318)	-	(81,318)	-
Interest revenue	37,170	-	80,928	-
Loss on settlement of promissory note (note 10)	-	-	(125,045)	-
Interest expense on promissory note (note 10)	-	(105,154)	(174,535)	(266,422)
Realized gain on sale of investments	-	11,721	29,902	330
Loss on settlement of accounts payable	-	(46,721)	-	(54,421)
Gain on forgiveness of loan interest	-	-	-	12,701
Interest expense on loans payable	-	-	-	(7,316)
Foreign exchange loss	(1,180)	(1,780)	(7,749)	(5,921)
Loss for the period	<u>(5,342,058)</u>	<u>(2,854,036)</u>	<u>(13,592,895)</u>	<u>(5,475,581)</u>
Other comprehensive income (loss)				
Reclassification to realized gain on sale of investments	-	(11,721)	(29,902)	(330)
Unrealized gain on available-for-sale investments (note 3)	298,100	123,078	238,032	135,368
Comprehensive loss	<u>\$ (5,043,958)</u>	<u>\$ (2,742,679)</u>	<u>\$ (13,384,765)</u>	<u>\$ (5,340,543)</u>
Basic and diluted loss per share	<u>(\$0.06)</u>	<u>(\$0.04)</u>	<u>(\$0.15)</u>	<u>(\$0.11)</u>
Weighted average number of common shares outstanding	<u>93,180,955</u>	<u>68,578,445</u>	<u>88,659,587</u>	<u>49,292,646</u>

See accompanying notes to these consolidated financial statements.

Golden Predator Mining Corp.

Condensed Interim Consolidated Statements of Cash Flows

For the nine months ended September 30, 2017 and 2016

(Unaudited – Prepared by Management)

(in Canadian dollars)

	<u>2017</u>	<u>2016</u>
Cash provided by (used in):		
Operating activities:		
Net loss	\$ (13,592,895)	\$ (5,475,581)
Adjustments for:		
Gain on derivative asset (note 6)	(178,977)	-
Loss from investment in associate (note 7)	81,318	-
Gain on sale of mineral properties (note 9)	(723,280)	-
Loss on sale of mineral properties (note 9)	-	473,912
Impairment of mineral properties (note 9)	30,518	-
Interest expense on promissory note (note 10)	174,535	266,422
Loss on settlement of debt (note 10)	125,045	-
Gain on settlement of flow-through share premium liabilities (note 11)	(1,015,512)	(333,200)
Share issued for services (note 12)	-	27,000
Stock-based compensation (note 14)	1,191,046	748,713
Net change in non-cash working capital (note 15)	(1,151,098)	589,482
Gain on forgiveness of loan interest (note 16)	-	(12,701)
Gain on sale of investments	(29,902)	(330)
Depreciation	245,269	121,101
Loss on settlement of accounts payable	-	54,421
Interest expense on loans payable	-	7,316
	<u>(14,843,933)</u>	<u>(3,533,445)</u>
Financing activities:		
Repayment of promissory note (note 10)	(3,446,389)	(717,450)
Proceeds of private placements (note 12)	17,250,633	20,937,780
Share issuance costs (note 12)	(1,475,284)	(1,495,710)
Options exercised (note 12)	481,538	80,100
Warrants exercised (note 12)	1,600,048	370,875
Repurchase shares to treasury (note 12)	-	(1,546,823)
Loan proceeds (note 16)	-	117,935
Repayment of loans payable (note 16)	-	(335,304)
	<u>14,410,546</u>	<u>17,411,403</u>
Investing activities:		
Proceeds from sale of investments (note 3)	30,792	122,970
Release (issue) of reclamation bonds (note 5)	(218,020)	33,500
Purchase of investments (note 6)	(175,000)	-
Acquisition of capital assets (note 8)	(972,584)	(956,148)
Acquisition of mineral properties (note 9)	(495,254)	(158,223)
Proceeds from sale of mineral properties (note 9)	-	112,123
	<u>(1,830,066)</u>	<u>(845,778)</u>
Change in cash	(2,263,453)	13,032,180
Cash – beginning of year	<u>9,410,464</u>	<u>174,797</u>
Cash – end of year	<u>\$ 7,147,011</u>	<u>\$ 13,206,977</u>

Non-cash financing and investing activities (note 15)

See accompanying notes to these consolidated financial statements.

Golden Predator Mining Corp.

Condensed Interim Consolidated Statements of Changes in Equity

For the nine months ended September 30, 2017 and 2016

(Unaudited – Prepared by Management)

(in Canadian Dollars)

	Number of Shares	Share Capital	Contributed Surplus	Accumulated Other Comprehensive Income (loss)	Deficit	Total
Balance, 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)
Finders' 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)
Stock-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, September 30, 2016	75,300,961	\$ 41,768,992	\$ 4,422,987	\$ 96,564	\$ (29,100,474)	\$ 17,188,069
Balance, December 31, 2016	76,788,461	\$ 45,839,782	\$ 5,024,042	\$ 71,991	\$ (38,051,178)	\$ 12,884,637
Private placements	10,295,950	17,250,633	-	-	-	17,250,633
Share issuance costs	-	(1,475,284)	-	-	-	(1,475,284)
Finders' warrants issued	-	(212,480)	212,480	-	-	-
Stock options exercised	1,326,250	780,132	(298,594)	-	-	481,538
Warrants exercised	5,017,548	1,600,048	-	-	-	1,600,048
Shares issued for property acquisition	185,000	225,300	-	-	-	225,300
Warrants issued for property acquisition	-	-	87,585	-	-	87,585
Flow-through share premium liabilities	-	(777,113)	-	-	-	(777,113)
Stock-based compensation	-	-	1,191,047	-	-	1,191,047
Other comprehensive income	-	-	-	208,130	-	208,130
Net loss	-	-	-	-	(13,592,895)	(13,592,895)
Balance, September 30, 2017	93,613,209	\$ 63,231,018	\$ 6,216,560	\$ 280,121	\$ (51,644,073)	\$ 18,083,626

See accompanying notes to these consolidated financial statements

Golden Predator Mining Corp.

Notes to the Condensed Interim Consolidated Financial Statements

For the nine months ended September 30, 2017 and 2016

(Unaudited – Prepared by Management)

(in Canadian Dollars)

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 Suite 250 – 200 Burrard Street, Vancouver, British Columbia. Golden Predator is in the business of acquiring and exploring mineral properties primarily in the Yukon, Canada.

2. SIGNIFICANT ACCOUNTING POLICIES

a. Basis of consolidation

These unaudited condensed interim consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries Golden Predator Exploration Ltd. and Yukon Mint Corporation.

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 unaudited condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting, using the same accounting policies as detailed in the Company's annual audited consolidated financial statements for the year ended December 31, 2016 which were prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board. Accordingly, certain information and footnote disclosure normally included in annual financial statements have been omitted or condensed. These unaudited condensed interim consolidated financial statements should be read in conjunction with the annual audited consolidated financial statements of the Company for the year ended December 31, 2016.

These unaudited condensed interim 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 subsidiaries. The unaudited condensed interim consolidated financial statements were authorized for issue by the board of directors on November 29, 2017.

c. 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.

The area of estimation and judgment that has the most significant effect on the amounts recognized in the financial statements is:

Golden Predator Mining Corp.

Notes to the Condensed Interim Consolidated Financial Statements

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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.

d. 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, 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.

Management has yet to assess fully 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 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 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.

Golden Predator Mining Corp.

Notes to the Condensed Interim Consolidated Financial Statements

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(in Canadian Dollars)

3. MARKETABLE SECURITIES

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 \$nil for the Marg property (2016 - \$55,537) and \$nil (2016 - \$90,000) for the Grew Creek property.

Balance, December 31, 2015	\$	42,884
Shares received for property option payments		145,537
Shares received as payment for common shares issued		210,036
Sale of shares		(99,372)
Increase in market value of shares		87,527
Balance December 31, 2016		386,612
Shares acquired in private placement (note 6)		91,476
Shares received for property sale or option payments (note 9)		1,635,000
Transferred to investment in associate (note 7)		(1,950,000)
Sale of shares		(30,792)
Increase in market value of shares		238,032
Balance September 30, 2017	\$	370,328

4. ACCOUNTS RECEIVABLE

Accounts receivable consist of goods and services tax of \$530,017 (2016 - \$267,892) and interest on guaranteed investment certificates of \$2,996 (2016 - \$2,645). Accounts receivable are valued at amortized cost.

5. RECLAMATION BONDS

The Company has posted interest and non-interest bearing bonds totaling \$673,183 (2016 - \$455,163) with a Canadian financial institution as security for future reclamation costs.

6. DERIVATIVE ASSET

During the period, the Company acquired 1,750,000 Units of Taku Gold Corp. ("Taku") in a private placement for \$0.10 per Unit. Each Unit consists of one common share and one share purchase warrant. Each warrant entitles the holder to acquire one additional common share at a price of \$0.15 for a period of two years. The warrants are a derivative asset to the Company. The purchase price of the Units was initially allocated based on the relative fair values of the shares and the warrants comprising the Units. The warrants are subsequently remeasured at fair value at each reporting date, with changes in value recorded in profit or loss.

Initial cost base of Taku warrants	\$	83,523
Fair value adjustment		178,977
September 30, 2017	\$	262,500

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The fair value of the warrants is estimated using the Black-Scholes model, with the following assumptions:

	Purchase Date	September 30, 2017
Risk-free interest rate	1.13%	1.52%
Expected life	2.0 years	1.76 years
Expected dividend yield	0%	0%
Expected stock price volatility	237%	233%

7. INVESTMENT IN ASSOCIATE

During the period, the Company acquired a total of 9,750,000 shares of Taku in three separate transactions:

i.	Participation in Taku private placement (note 6)	1,750,000 shares
ii.	Sale of none-core mineral properties to Taku (note 9)	3,500,000 shares
iii.	Option of Sonora Gulch property to Taku (note 9)	4,500,000 shares

Upon completion of the third transaction on August 1, 2017, the Company held 24.5% of the issued and outstanding shares of Taku and the Company has determined that it exercises significant influence over Taku as of that date. As a result, the investment is now considered an investment in an associate and is accounted for using the equity method.

Taku shares transferred from marketable securities	\$ 1,950,000
Proportionate share of net loss (August 1 to September 30, 2017)	(81,318)
Balance at September 30, 2017	<u>\$ 1,868,682</u>

The following table is a summary of Taku's financial information on a 100% basis as at September 30, 2017. Taku's financial statements are prepared in accordance with IFRS and the amounts presented here have been adjusted to reflect fair value adjustments made at the time the Company obtained significant influence and for differences in accounting policies.

Cash and cash equivalents	\$ 874,206
Total current assets	1,133,827
Total non-current assets	6,611,958
Total current liabilities and total liabilities	109,161
Net loss and comprehensive loss (two months ended September 30, 2017)	(332,318)
Proportionate share of net loss and comprehensive loss (two months ended September 30, 2017)	(81,318)

Taku is a mineral exploration company focused primarily on the Yukon, Canada. The fair market value of 9,750,000 shares of Taku at September 30, 2017 is \$1,608,750. The Company is not exposed to any additional losses beyond its initial investment in Taku. No dividends or cash distributions were received from Taku during the period.

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8. EQUIPMENT

	Field equipment	Camp and camp equipment	Vehicles	Office equipment	Leasehold	Capital leases	Mill	Bridge	Total
Cost									
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
Additions	633,026	133,883	192,663	-	13,012	-	-	-	972,584
Balance – September 30, 2017	\$ 1,425,430	\$ 563,463	\$ 404,738	\$ 21,010	\$ 13,012	\$ 42,350	\$ 206,543	\$ 477,610	\$ 3,154,156
Accumulated Depreciation									
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
Depreciation	125,557	19,091	52,552	1,148	1,611	-	30,982	14,328	245,269
Balance – September 30, 2017	\$ 485,358	\$ 394,381	\$ 145,120	\$ 21,010	\$ 1,611	\$ 42,350	\$ 51,636	\$ 23,881	\$ 1,165,347
Net book value									
Balance – December 31, 2016	\$ 432,603	\$ 54,290	\$ 119,507	\$ 1,148	\$ -	\$ -	\$ 185,889	\$ 468,057	\$ 1,261,494
Balance – September 30, 2017	\$ 940,072	\$ 169,082	\$ 259,618	\$ -	\$ 11,401	\$ -	\$ 154,907	\$ 453,729	\$ 1,988,809

9. MINERAL PROPERTIES

	3 Aces	Reef	Upper Hyland	Brewery Creek	Sonora Gulch	Marg	Grew Creek	Other	Total
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
Property payments received	-	-	-	-	-	(105,573)	(125,000)	(62,123)	(292,696)
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
Acquisition costs	6,271	-	-	-	-	2,265	-	1,718	10,254
Option payments - cash	45,000	400,000	30,000	-	-	-	-	10,000	485,000
Option payments - shares	-	159,000	66,300	-	-	-	-	-	225,300
Option payments - w warrants	-	87,585	-	-	-	-	-	-	87,585
Property payments received	-	-	-	-	(900,000)	-	-	(11,720)	(911,720)
Impairment	-	-	-	-	-	-	-	(30,517)	(30,517)
Balance – September 30, 2017	\$ 1,254,804	\$ 646,585	\$ 96,300	\$ 1,313,032	\$ 2,794,548	\$ 2,265	\$ 200,000	\$ -	\$ 6,307,534

3 Aces, Yukon

The Company owns 100% of the 3 Aces property, subject to the Net Smelter Returns (“NSR”) royalties described below.

An annual advance royalty payment of \$45,000 is payable 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 royalty 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 royalty will increase to 3% and the vendor will receive an additional bonus payment of \$300,000 in cash or equivalent

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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.

Reef, Yukon

During the period, the Company 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 Yukon Territory. Terms of the agreement include:

- a) Cash payments totaling \$1,050,000, as follows:
 - \$400,000 on the closing date (completed)
 - \$150,000 on February 9, 2018
 - \$200,000 on February 9, 2019
 - \$300,000 on February 9, 2020

- b) Issuance of common shares as follows:
 - 100,000 on the closing date (completed)
 - 100,000 on February 9, 2018
 - \$300,000 worth of common shares on February 9, 2019*
 - \$300,000 worth of common shares on February 9, 2020*

* The price per share is based on the 21-day volume weighted average price ("VWAP") at the date of issuance and subject to a floor price equal to the minimum price permitted under TSX Venture Exchange ("TSXV") policies. The Company will compensate Precipitate in cash for any shortfall to \$300,000 in value caused by the TSXV minimum price policies.

- c) Issuance of common share purchase warrants as follows:
 - 100,000 on the closing date (\$1.59 exercise price with a 3-year term) (completed)
 - 100,000 on February 9, 2018 (\$2.00 exercise price with a 3-year term)
 - 300,000 on February 9, 2019*
 - 300,000 on February 9, 2020*

* These warrants will have a 3-year term and an exercise price of 150% of the 21-day VWAP at the date of issuance.

- d) The Company granted to Precipitate a 2% NSR royalty on certain of the Reef Claims and a 1% NSR royalty on the remaining Reef Claims (the "Reef NSR"). The Company may repurchase 25% of the Reef NSR royalty, for \$1,000,000, and a further 25% for \$1,500,000.

Upper Hyland, Yukon

During the period, the Company entered into a mineral property purchase agreement with Bearing Lithium Ltd. ("Bearing") for the purchase of certain mineral claims located in the Upper Hyland River area in the southeast region of the Yukon Territory. Terms of the agreement include:

- a) Cash payments totaling \$275,000, as follows:
 - \$10,000 on the execution date (completed)
 - \$20,000 on the September 28, 2017 (completed)
 - \$60,000 on August 23, 2018
 - \$85,000 on August 23, 2019
 - \$100,000 on December 23, 2020

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- b) Issuance of common shares as follows:
- 35,000 upon TSXV approval of the transaction (completed)
 - 50,000 September 28, 2017 (completed)
 - \$100,000 worth of common shares on August 23, 2018*
 - \$250,000 worth of common shares on August 23, 2019*
 - \$250,000 worth of common shares on December 23, 2020*

* The price per share is based on the 21-day VWAP at the date of issuance and subject to a floor price equal to the minimum price permitted under TSXV policies.

- c) The Company granted Bearing a 2% NSR royalty on certain of the claims and a 1% NSR royalty on the remaining claims (the "Bearing NSR"). The Company may repurchase 50% of the Bearing NSR for \$1,000,000.

Brewery Creek, Yukon

The Company owns 100% of the Brewery Creek Project. The Brewery Creek Project is subject to a 2% NSR royalty on the first 600,000 ounces of gold produced, following which the NSR royalty will increase to 2.75%. The Company has the right to repurchase 0.625% of the increased NSR royalty 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 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 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.

Sonora Gulch, Yukon

The Company owns 100% of the Sonora Gulch property, subject to a 1% NSR royalty. The Company has the option and right to purchase 50% of the NSR royalty at any time for \$1,000,000.

During the period, the Company optioned the Sonora Gulch property to Taku Gold Corp. ("Taku"). Taku can earn a 100% interest in the Sonora Gulch property by issuing the Company an aggregate of 11,000,000 common shares as follows:

- 4,500,000 on the closing date (received);
- 3,500,000 on August 1, 2018
(or that number of Taku common shares equal in value to \$1,400,000 based on the 10-day volume weighted average price ("VWAP") of Taku's common shares immediately prior to the first anniversary date, if the VWAP is greater than \$0.40);
- 3,000,000 on August 1, 2019

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(or that number of Taku common shares equal in value to \$1,200,000 based on the 10-day VWAP of Taku's common shares immediately prior to the second anniversary date, if the VWAP is greater than \$0.40)

The Company also retained a 1% NSR royalty on the Sonora Gulch property. The initial tranche of 4,500,000 shares was valued at \$900,000 and recorded as a reduction in the carrying value of the Sonora Gulch property.

Marg, Yukon

The Company owns a 100% interest in the Marg property, subject to a 1% NSR royalty 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). An impairment charge of \$473,912 was recorded on the property during the year ended December 31, 2016.

During the current period, the purchaser was unable to meet the conditions of the purchase agreement and control of the property was returned to the Company and the Company returned the shares to the purchaser.

Grew Creek, Yukon

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

In October 2016, the Company entered into a Property Option Agreement with Quantum Cobalt Corp. ("Quantum" – formerly Bravura Ventures Corp.) whereby Quantum 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 October 21, 2017 (received subsequent to period end);
 - \$75,000 – on October 21, 2018;
 - \$140,000 – on October 21, 2019;
 - \$150,000 – on October 21, 2020;
 - \$250,000 – on October 21, 2021; and
 - \$250,000 – on October 21, 2022.

- b) Issuance to the Company of an aggregate amount of 200,000 common shares and an additional 6% of Quantum to be issued as follows (share amounts have been adjusted to reflect a 10:1 consolidation of Quantum shares on May 4, 2017):
 - 50,000 – on the closing date (received, valued at \$90,000);
 - 50,000 – on October 21, 2017 (received subsequent to period end, valued at \$32,500);
 - 50,000 – on October 21, 2018;
 - 50,000 – on October 21, 2019;
 - On October 21, 2020 that number of common shares equal to 2% of the issued and outstanding common shares of Quantum for 70% interest in the property;
 - On October 21, 2021 that number of common shares equal to 2% of the issued and outstanding common shares of Quantum for an additional 10% interest in the property; and

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- On October 21, 2022 that number of common shares equal to 2% of the issued and outstanding common shares of Quantum for an additional 10% interest in the property.

If, during the term of the agreement, Quantum 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, Quantum shall, within 30 days of receipt of such report, pay to the Company an additional \$50,000 and issue an additional 50,000 common shares. If, during the term of the agreement but after its receipt of the First Report, Quantum 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, Quantum 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 Quantum on the date that is ten (10) business days prior to the date of receipt of the Second Report.

Other Properties

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

During the period, the Company returned the Castle West property to Platoro, wrote off the December 31, 2016 balance of the property of \$92,641 and paid additional lease fees of US\$20,500 (CAD \$27,537) to the underlying vendors of the two subleases.

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

b) Chopin, Korat, Lucky Joe and Fortymile Projects, Yukon

During the period, the Company sold a number of non-core assets to Taku, including the Chopin, Korat, Lucky Joe and Fortymile projects. As consideration, Taku issued the Company 3,500,000 common shares and granted the Company NSR royalties on the Chopin (1%), Korat (1%), Lucky Joe (1.5%) and Fortymile (0.5%) claims. The shares received were valued at \$735,000. Of this amount, \$11,720 was recorded as a reduction in mineral property values (bringing their carrying value to nil) and the remainder was recorded as a gain on sale.

In October 2016, the Company entered into an option agreement to acquire the Fortymile project in the Yukon. Prior to transferring the project to Taku, the Company paid \$10,000 to the vendor of the property under the initial option agreement. Taku has assumed the remaining obligations under the original option agreement.

10. PROMISSORY NOTE

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”). 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 include the following:

- Payment schedule
 - Principal amount of \$500,000 + \$55,000 USD (\$72,710 CAD) is due June 1, 2016;
 - 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.

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- Interest rate
 - 6% per annum through to June 1, 2016;
 - 8% per annum through 1, 2017;
 - 10% per annum through to June 1, 2018;
 - 12% per annum thereafter.

During the period ended June 30, 2017, the Company settled the remaining three payments outstanding under the Promissory Note with two payments totaling \$3,446,389 (2016 - \$717,450), including repayment of principal of \$3,200,000 (2016 - \$572,710) and interest of \$246,389 (2016 - \$144,740).

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.

	Promissory Note
Carrying value - December 31, 2015	\$ 3,488,912
Principal payment on note	(572,710)
Payment of accreted interest	(144,740)
Accreted interest in the year	375,347
Carrying value - December 31, 2016	3,146,809
Principal payment on note	(3,200,000)
Payment of accreted interest	(246,389)
Accreted interest in the period	174,535
Loss on settlement of promissory note	125,045
Carrying value- September 30, 2017	\$ -

11. FLOW THROUGH SHARE PREMIUM LIABILITY

Balance December 31, 2015	\$ -
Liability incurred on flow -through shares issued	996,600
Settlement of flow -through share liability on expenditures incurred	(758,200)
Balance December 31, 2016	238,400
Liability incurred on flow -through shares issued	777,113
Settlement of flow -through share liability on expenditures incurred	(1,015,512)
Balance September 30, 2017	\$ -

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12. SHARE CAPITAL

a) Capital Stock

In March 2017, the Company 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 Company paid a 6.9% commission for total of \$1,190,294, \$284,990 in other fees and issued 251,562 share purchase warrants to the Underwriters valued at \$212,480. 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.

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

- 5,017,548 Class A common shares for proceeds of \$1,600,048 related to the exercise of warrants,
- 1,326,250 Class A common shares for proceeds of \$780,132 related to the exercise of stock options,
- 100,000 Class A common shares valued at \$159,000 related to the purchase of the Reef property, and
- 85,000 Class A common shares valued at \$66,300 related to the purchase of the Upper Hyland property.

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 VWAP 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.

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 finders' warrants valued at \$407,228 in relation to the private placement. Each finders' warrant entitles the holder to purchase a finders' unit at an exercise price of \$0.16 per unit. Each finders' 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 finders' 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.

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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 \$106,863 related to the exercise of stock options.

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 nine months ended September 30, 2017, the Company recognized stock-based compensation related to options of \$1,191,046 (2016 - \$411,625). The weighted average fair value of options granted in the nine months ended September 30, 2017 was \$0.76 (2016 - \$0.40) 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>2017</u>	<u>2016</u>
Risk-free interest rate	1.15%	0.54%
Expected life of option	3 years	3 years
Expected dividend yield	0%	0%
Expected stock price volatility	107.49%	136.06%

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Stock option transactions are summarized as follows:

	Outstanding Options	Weighted Average Exercise Price
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
Granted	2,015,000	1.23
Exercised	(1,326,250)	0.59
Forfeited	(373,750)	0.90
Balance, September 30, 2017	6,249,500	\$0.69
Exercisable, September 30, 2017	4,037,875	

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As at September 30, 2017 incentive stock options were outstanding as follows:

Expiry Date	Outstanding Options	Exercise Price (\$)
November 17, 2017	450,000	0.10
March 1, 2018	100,000	0.14
March 1, 2018	100,000	0.17
March 1, 2018	100,000	0.66
March 23, 2018	10,000	0.12
June 22, 2018	125,000	0.12
October 1, 2018	110,000	0.14
February 25, 2019	650,000	0.17
May 2, 2019	5,000	0.25
May 24, 2019	232,500	0.43
June 3, 2019	1,590,000	0.66
June 20, 2019	75,000	0.95
July 20, 2019	30,000	0.82
August 10, 2019	100,000	0.91
October 7, 2019	422,000	0.69
October 11, 2019	25,000	0.72
October 14, 2019	25,000	0.80
October 19, 2019	15,000	0.75
November 9, 2019	10,000	0.77
November 23, 2019	245,000	0.56
January 20, 2020	85,000	0.99
February 1, 2020	50,000	1.51
March 21, 2020	505,000	1.60
March 21, 2020	80,000	1.41
April 10, 2020	50,000	1.60
April 24, 2020	85,000	1.32
May 4, 2020	25,000	1.27
June 5, 2020	35,000	1.43
July 11, 2020	80,000	1.10
August 18, 2020	40,000	1.16
September 1, 2020	80,000	1.08
September 13, 2020	15,000	0.90
September 30, 2020	700,000	0.91
	6,249,500	0.69

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During the period, 251,562 finders' warrants with a fair value of \$0.84 were issued in connection with private placements (2016 – 32,714,000) and 100,000 warrants with a fair value of \$0.87 were issued for the acquisition of the Reef property (2016 – \$nil). The fair value of the warrants granted was 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>2017</u>	<u>2016</u>
Risk-free interest rate	0.85%	0.63%
Expected life of option	2.3 years	2.0 years
Expected dividend yield	0%	0%
Expected stock price volatility	107.11%	102.77%

Share purchase warrant transactions are summarized as follows:

	Outstanding Warrants	Weighted Average Exercise Price (\$)
Balance, December 31, 2015	-	-
Granted	43,702,530	0.40
Exercised	(3,415,000)	0.20
Balance, December 31, 2016	40,287,530	0.42
Granted	351,562	1.60
Exercised	(5,017,548)	0.32
Balance, September 30, 2017	35,621,544	0.44

At September 30, 2017, warrants were outstanding as follows:

Expiry Date	Outstanding Warrants	Exercise Price (\$)
February 25, 2018	2,000,000	0.15
March 3, 2018	875,000	0.15
May 24, 2018	20,900,000	0.21
May 24, 2018 (finders' w warrants)*	1,274,000	0.16
July 26, 2018	10,220,982	1.00
March 14, 2019	251,562	1.60
March 23, 2020	100,000	1.59
	35,621,544	0.44

*These finders' 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 I share at a price of \$0.21 until May 24, 2018.

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13. EXPLORATION EXPENSES

	Three months ended		Nine months ended	
	September 30, 2017	September 30, 2016	September 30, 2017	September 30, 2016
Personnel	\$ 1,305,748	\$ 555,681	\$ 3,132,004	\$ 1,181,176
Drilling	977,638	473,622	2,439,416	527,626
Field & General	1,616,864	21,110	2,395,769	168,960
Geochemistry	339,670	482,501	1,218,971	598,573
Geophysics	9,801	-	34,436	-
Helicopter & Airplane	380,533	246,205	523,306	249,814
Logistics & Support	640,200	540,051	1,568,723	767,372
Community & Environment	170,115	7,531	374,316	23,409
Miscellaneous	8,100	(11,008)	96,109	93,351
Amortization	104,409	47,581	245,269	121,101
Cost Recoveries	-	-	-	(139,262)
	\$ 5,553,078	\$ 2,363,274	\$ 12,028,319	\$ 3,592,120

14. GENERAL AND ADMINISTRATIVE EXPENSES

	Three months ended		Nine months ended	
	September 30, 2017	September 30, 2016	September 30, 2017	September 30, 2016
Share-based compensation	\$ 358,498	\$ 337,088	\$ 1,191,046	\$ 748,713
Office and insurance	401,261	53,134	1,258,870	68,858
Travel, shareholder relations and promotion	138,209	194,038	443,000	356,280
Professional fees	10,193	88,788	230,461	197,884
Regulatory & compliance	9,737	8,980	50,633	49,965
	\$ 917,898	\$ 682,028	\$ 3,174,010	\$ 1,421,700

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15. SUPPLEMENTAL CASH FLOW INFORMATION

Net change in non-cash working capital

	September 30,	
	2017	2016
Accounts receivable	\$ (262,476)	\$ (138,373)
Prepaid expenses and deposits	(180,180)	(68,202)
Accounts payable and accrued liabilities	(708,442)	808,605
Inventory	-	-
Due to related party	-	(12,548)
	\$(1,151,098)	\$ 589,482

Non-cash financing and investing activities

	September 30,	
	2017	2016
Premium received on flow-through shares in private placement (note 9)	\$ 777,113	\$ 996,600
Exercise of stock options	298,594	26,763
Shares issued for property acquisition	225,300	-
Warrants issued for property acquisition	87,585	-
Shares received for mineral properties (note 6)	1,635,000	55,573
Finder's units issued	-	993,151
Share purchase warrants issued	212,480	-
Shares issued in purchase agreement	-	210,000
Shares issued for settlement of accounts payable	-	281,914
	\$ 3,236,072	\$2,564,001

16. RELATED PARTY TRANSACTIONS

a) Key management compensation

The compensation paid or payable to key management (Officers and Directors) for management services provided is as follows:

	Nine months ended September 30,	
	2017	2016
Salary	\$ 461,017	\$ 51,948
Stock-based compensation	550,821	475,025
	\$ 1,011,838	\$ 526,973

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

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

During the period ended September 30, 2017, the Company returned the Castle West property to Platoro, wrote off the December 31, 2016 balance of the property of \$92,641 and paid additional lease fees of US\$20,500 (CAD \$27,537) to two underlying vendors.

c) Balances outstanding

There was \$2,275 due to officers of the Company at September 30, 2017 (2016 - \$13,636).

During the period ended September 30, 2016 the Company advanced \$26,184 (2017 - \$Nil) to a director for future expense reimbursements to be incurred in the normal course of operations for general corporate matters.

d) Loans payable

During the period ended September 30, 2016, the Company received additional loans in the amount of \$117,935 from a director, and then subsequently repaid the entire outstanding principal amount (\$335,304) of the loans in full. The Director waived the interest owed on the loan and accordingly the Company recorded a gain on forgiveness of interest for \$12,701.

17. 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, 2017, and December 31, 2016, the Company's carrying values of cash and cash equivalents, short term investments 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, 2017, and December 31, 2016, the Company's marketable securities 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. Marketable securities values are based on the closing trading price of the shares on public stock exchanges at the period-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.

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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, short term investments, 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, short term investments consist of GIC's held at a major Canadian financial institution 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 and short-term investments, 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 September 30, 2017, the Company had working capital of \$6,982,918 (2016 - \$6,873,157)

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 September 30, 2017:

	Up to 1 year	1-5 years	Total
Accounts payable and accrued liabilities	\$ 1,365,495	\$ -	\$ 1,365,495

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

Golden Predator Mining Corp.

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(Unaudited – Prepared by Management)

(in Canadian Dollars)

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, short term investments and marketable securities.

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 periods ended September 30, 2017 and December 31, 2016.

18. COMMITMENTS

- a) The Company has a lease for their head office in Vancouver, BC that commenced on June 1, 2017 and ends on May 31, 2021. The Company also has a lease on an office space in Watson Lake, YT that commenced on February 1, 2017 and ends on January 31, 2020. These leases commit the Company to the following future minimum lease payments:

<u>Year</u>	<u>Payments</u>
2017	\$22,138
2018	\$90,252
2019	\$93,170
2020	\$81,788
2021	\$83,406
2022	\$35,259

- b) On January 28, 2013, the Company entered into an 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. Under the MOU, the Company will pay an annual Community Development fee of 2% of "on the ground" exploration expenditures.
- c) An Amended and Restated Socio-Economic Accord for the Brewery Creek Project was entered into with the Tr'ondëk Hwëch'in First Nation in September 2012. 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.

19. SUBSEQUENT EVENTS

Subsequent to the period ended September 30, 2017, the Company:

- a) Received proceeds of \$51,900 from the exercise of 460,000 stock options.
- b) Purchased 100% of the Sprogge property (adjacent to 3 Aces) from Alexco Exploration Canada Corp. and Newmont Canada Corporation. As consideration, the Company:
- Paid cash of \$114,500
 - Issued 300,000 common shares
 - Issued 300,000 common share purchase warrants with an exercise price of \$1.00 and a 37-month term.
 - Granted NSR royalties totaling 2.32% to the vendors.