



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

**Condensed Interim Consolidated Financial Statements**

**For the three months ended March 31, 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 Canadian Professional Accounts 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>March 31,</u> <u>2017</u>	<u>December 31,</u> <u>2016</u>
<b>Assets</b>		
Current assets		
Cash and cash equivalents	\$ 6,060,676	\$ 9,410,464
Short term investments (note 3)	15,000,000	-
Marketable securities (note 4)	366,214	386,612
Accounts receivable (note 5)	479,820	270,537
Prepaid expenses and deposits	238,907	117,881
	<u>22,145,617</u>	<u>10,185,494</u>
Reclamation bonds (note 9)	673,183	455,163
Equipment (note 6)	1,289,027	1,261,494
Mineral properties (note 7)	7,145,413	6,441,632
	<u><b>\$ 31,253,240</b></u>	<u><b>\$ 18,343,783</b></u>
<b>Liabilities and shareholders' equity</b>		
Current liabilities		
Accounts payable and accrued liabilities	\$ 1,812,253	\$ 2,073,937
Flow-through share premium liability (note 10)	710,454	238,400
Promissory note (note 8)	-	1,000,000
	<u>2,522,707</u>	<u>3,312,337</u>
Non-current liabilities		
Promissory note (note 8)	2,055,588	2,146,809
	<u>4,578,295</u>	<u>5,459,146</u>
Shareholders' equity		
Share capital (note 11)	62,307,125	45,839,782
Contributed surplus	5,630,406	5,024,042
Accumulated other comprehensive loss	52,259	71,991
Deficit	(41,314,845)	(38,051,178)
	<u>26,674,945</u>	<u>12,884,637</u>
	<u><b>\$ 31,253,240</b></u>	<u><b>\$ 18,343,783</b></u>

Nature of operations (note 1)

See accompanying notes to these consolidated financial statements.

Approved by the board of directors

"Stefan Spears" Director

"Bradley Thiele" Director

## Golden Predator Mining Corp.

Condensed Interim Consolidated Statements of Comprehensive Loss

For the three months ended March 31, 2017 and 2016

(Unaudited – Prepared by Management)

(in Canadian dollars)

	<u>2017</u>	<u>2016</u>
<b>Expenses</b>		
Exploration (note 12)	\$ 2,330,073	\$ 713,343
Impairment of mineral properties (note 7)	30,518	-
General and administrative (note 13)	1,129,021	124,037
	<u>(3,489,612)</u>	<u>(837,380)</u>
<b>Other income (expense)</b>		
Gain on settlement of accounts payable	-	16,793
Loss on shares issued for share purchase agreement	-	(71,250)
Interest expense on loans payable	-	(4,374)
Interest revenue	31,075	-
Interest expense on promissory note (note 8)	(125,152)	(123,713)
Realized gain (loss) on sale of investments	21,762	(23,268)
Settlement of flow-through share premium liabilities (note 10)	305,058	-
Foreign exchange loss	(6,798)	(2,800)
	<u>(3,263,667)</u>	<u>(1,045,992)</u>
<b>Loss for the period</b>		
	<u>(3,263,667)</u>	<u>(1,045,992)</u>
<b>Other comprehensive income (loss)</b>		
Realized gain (loss) on sale of investments	6,000	23,268
Unrealized gain (loss) on available-for-sale investments (note 4)	(25,732)	(22,864)
	<u>(19,732)</u>	<u>(1,045,588)</u>
<b>Comprehensive loss</b>	<u>\$ (3,283,399)</u>	<u>\$ (1,045,588)</u>
<b>Basic and diluted loss per share</b>	<u>(\$0.04)</u>	<u>(\$0.03)</u>
<b>Weighted average number of common shares outstanding</b>	<u>81,049,610</u>	<u>33,251,084</u>

See accompanying notes to these consolidated financial statements.

# Golden Predator Mining Corp.

Condensed Interim Consolidated Statements of Cash Flows

For the three months ended March 31, 2017 and 2016

(Unaudited – Prepared by Management)

(in Canadian dollars)

	<u>2017</u>	<u>2016</u>
<b>Cash provided by (used in):</b>		
<b>Operating activities:</b>		
Net loss	\$ (3,263,667)	\$ (1,045,992)
Adjustments for:		
Depreciation	58,289	34,568
Interest expense on promissory note (note 8)	125,152	123,713
Interest expense on loans payable	-	4,374
Gain on settlement of flow-through share premium liabilities (note 10)	(305,058)	-
Gain on settlement of accounts payable	-	(16,793)
Impairment of mineral properties (note 7)	30,518	-
Stock-based compensation	394,285	44,570
Loss on shares issued for share purchase agreement	-	71,250
(Gain) loss on sale of investments	(21,762)	23,268
Net change in non-cash working capital (note 14)	(601,995)	421,784
	<u><b>(3,584,238)</b></u>	<u><b>(339,258)</b></u>
<b>Financing activities:</b>		
Loan proceeds	-	50,000
Repayment of loans payable	-	(4,000)
Repayment of promissory note (note 8)	(1,216,373)	-
Options exercised (note 11)	164,138	-
Warrants exercised (note 11)	1,219,423	-
Proceeds of private placements	17,250,633	256,500
Share issuance costs	(1,444,544)	(7,783)
	<u><b>15,973,277</b></u>	<u><b>294,717</b></u>
<b>Investing activities:</b>		
Acquisition of mineral properties (note 7)	(457,415)	(66,742)
Acquisition of capital assets (note 6)	(85,822)	(65,286)
Proceeds from sale of investments (note 4)	22,430	-
Net purchase of short term investments (note 3)	(15,000,000)	-
Release (issue) of reclamation bonds (note 9)	(218,020)	25,000
	<u><b>(15,738,827)</b></u>	<u><b>(107,028)</b></u>
<b>Change in cash</b>	<b>(3,349,788)</b>	<b>(151,569)</b>
<b>Cash – beginning of year</b>	<b>9,410,464</b>	<b>174,797</b>
<b>Cash – end of year</b>	<b><u>\$ 6,060,676</u></b>	<b><u>\$ 23,228</u></b>

Non-cash financing and investing activities (note 14)

See accompanying notes to these consolidated financial statements.

## Golden Predator Mining Corp.

Condensed Interim Consolidated Statements of Changes in Equity

For the three months ended March 31, 2017 and 2016

(Unaudited – Prepared by Management)

(in Canadian Dollars)

	Number of Shares	Share Capital	Contributed Surplus	Accumulated Other Comprehensive Income (loss)	Deficit	Total
<b>Balance, December 31, 2015</b>	<b>31,670,250</b>	<b>\$ 28,645,709</b>	<b>\$ 2,707,886</b>	<b>\$ (38,804)</b>	<b>\$ (27,403,758)</b>	<b>\$ 3,911,033</b>
Private placements	2,565,000	256,500	-	-	-	256,500
Share issuance costs	-	(7,783)	-	-	-	(7,783)
Shares issued for share purchase agreement	1,875,000	281,250	-	-	-	281,250
Stock-based compensation	-	-	44,570	-	-	44,570
Other comprehensive income	-	-	-	404	-	404
Net loss	-	-	-	-	(1,045,992)	(1,045,992)
<b>Balance, March 31, 2016</b>	<b>36,110,250</b>	<b>\$ 29,175,676</b>	<b>\$ 2,752,456</b>	<b>\$ (38,400)</b>	<b>\$ (28,449,750)</b>	<b>\$ 3,439,982</b>
<b>Balance, December 31, 2016</b>	<b>76,788,461</b>	<b>\$ 45,839,782</b>	<b>\$ 5,024,042</b>	<b>\$ 71,991</b>	<b>\$ (38,051,178)</b>	<b>\$ 12,884,637</b>
Private placements	10,295,950	17,250,633	-	-	-	17,250,633
Share issuance costs	-	(1,444,545)	-	-	-	(1,444,545)
Finders' warrants issued	-	(212,480)	212,480	-	-	-
Stock options exercised	567,500	252,124	(87,986)	-	-	164,138
Warrants exercised	3,205,048	1,219,423	-	-	-	1,219,423
Shares issued for property acquisition	135,000	179,300	-	-	-	179,300
Warrants issued for property acquisition	-	-	87,585	-	-	87,585
Flow-through share premium liabilities	-	(777,113)	-	-	-	(777,113)
Stock-based compensation	-	-	394,285	-	-	394,285
Other comprehensive income	-	-	-	(19,732)	-	(19,732)
Net loss	-	-	-	-	(3,263,667)	(3,263,667)
<b>Balance, March 31, 2017</b>	<b>90,991,960</b>	<b>\$ 62,307,125</b>	<b>\$ 5,630,406</b>	<b>\$ 52,259</b>	<b>\$ (41,314,845)</b>	<b>\$ 26,674,945</b>

See accompanying notes to these consolidated financial statements

# Golden Predator Mining Corp.

Notes to the Condensed Interim Consolidated Financial Statements  
For the three months ended March 31, 2017 and 2016  
(Unaudited – Prepared by Management)  
(in Canadian Dollars)

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## 1. NATURE OF OPERATIONS

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

## 2. SIGNIFICANT ACCOUNTING POLICIES

### a. Basis of consolidation

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

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

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

### b. Basis of presentation and measurement

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

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 subsidiary. The unaudited condensed interim consolidated financial statements were authorized for issue by the board of directors on May 26, 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.

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

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

# Golden Predator Mining Corp.

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Fair value of derivatives and other financial instruments - The Company's promissory notes are financial liabilities that previously contained both a derivative and non-derivative host component. The fair values of embedded derivatives, not traded in an active market, were determined using valuation techniques. The Company used its

judgment to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period. The Promissory Note was amended in the third quarter of 2015 to remove the share settlement option, thus as of December 31, 2015, there is no derivative asset related to the Promissory Note.

## **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 (see Note 7), fair value movements will be presented in other comprehensive income to the extent those changes relate to the Company's own credit risk.

### IFRS 16 Leases

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

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

- a) Performing a full review of all agreements to assess whether any additional contracts will now become a lease under IFRS's new definition.
- b) Deciding which transitional provision to adopt; either full retrospective application or partial retrospective application (which means comparatives do not need to be restated). The partial application method also provides optional relief from reassessing whether contracts in place are, or contain, a lease, as well as other reliefs. Deciding which of these practical expedients to adopt is important as they are one-off choices.
- c) Assessing current disclosures for finance leases and operating leases (Note 16) as these are likely to form the basis of the amounts to be capitalized and become right-of-use assets.
- d) Determining which optional accounting simplifications apply to the Company's lease portfolio and if the Company is going to use these exemptions.
- e) Assessing the additional disclosure that will be required.

## **3. SHORT-TERM INVESTMENTS**

As at March 31, 2017 the Company had \$15,000,000 (2016-\$0) invested in Canadian dollar denominated guaranteed investment certificates ("GIC") at a major Canadian financial institution. Interest is accrued during the GIC term and is recorded in accounts receivable.



## Golden Predator Mining Corp.

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### 4. MARKETABLE SECURITIES

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
Sale of shares	(666)
Decrease in market value of shares	(19,732)
Balance March 31, 2017	\$ 366,214

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.

### 5. ACCOUNTS RECEIVABLE

Accounts receivable consist of goods and services tax of \$425,490 (2016 - \$267,892), interest on guaranteed investment certificates of \$14,649 (2016 - \$2,645) and other receivables of \$39,681 (2016-\$nil). Accounts receivable are valued at amortized cost.

### 6. EQUIPMENT

	Field equipment	Camp and camp equipment	Vehicles	Office equipment	Leasehold	Capital leases	Mill	Bridge	Total
<b>Cost</b>									
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	49,319	-	-	11,303	25,200	-	-	-	85,822
Balance – March 31, 2017	\$ 841,723	\$ 429,580	\$ 212,075	\$ 32,313	\$ 25,200	\$ 42,350	\$ 206,543	\$ 477,610	\$ 2,267,394
<b>Accumulated Depreciation</b>									
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	\$ -	\$ -	\$ 20,654	\$ 9,553	\$ 920,078
Depreciation	28,009	3,017	10,291	827	1,040	-	10,329	4,776	58,289
Balance – March 31, 2017	\$ 387,810	\$ 378,307	\$ 102,859	\$ 20,689	\$ 1,040	\$ -	\$ 30,983	\$ 14,329	\$ 978,367
<b>Net book value</b>									
Balance – December 31, 2016	\$ 432,603	\$ 54,290	\$ 119,507	\$ 1,148	\$ -	\$ -	\$ 185,889	\$ 468,057	\$ 1,261,494
Balance – March 31, 2017	\$ 453,913	\$ 51,273	\$ 109,216	\$ 11,624	\$ 24,160	\$ -	\$ 175,560	\$ 463,281	\$ 1,289,027

# Golden Predator Mining Corp.

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## 7. MINERAL PROPERTIES

	3 Aces	Reef	Upper Hyland	Brewery Creek	Sonora Gulch	Marg	Grew Creek	Other Properties	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
Option payment - cash	-	-	-	-	-	(50,000)	(35,000)	(62,123)	(147,123)
Option payment - shares	-	-	-	-	-	(55,573)	(90,000)	-	(145,573)
Impairment	-	-	-	-	-	(473,912)	-	-	(473,912)
Balance – December 31, 2016	\$ 1,203,533	\$ -	\$ -	\$ 1,313,032	\$ 3,694,548	\$ -	\$ 200,000	\$ 30,519	\$ 6,441,632
Acquisition costs	45,944	-	-	-	-	-	-	11,470	57,414
Option payment - cash	-	400,000	10,000	-	-	-	-	-	410,000
Option payment - shares	-	159,000	20,300	-	-	-	-	-	179,300
Option payment - warrants	-	87,585	-	-	-	-	-	-	87,585
Impairment	-	-	-	-	-	-	-	(30,518)	(30,518)
Balance – March 31, 2017	\$ 1,249,477	\$ 646,585	\$ 30,300	\$ 1,313,032	\$ 3,694,548	\$ -	\$ 200,000	\$ 11,471	\$ 7,145,413

### 3 Aces, Yukon

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

An annual advance royalty payment of \$45,000 will commence on April 1, 2015 and continue until the commencement of commercial production. The vendor will retain a 2% NSR on the property. If a resource estimate in excess of 500,000 ounces at a grade greater than 5 grams per tonne is defined on the property (in compliance with the Canadian Securities Administrators' National Instrument 43-101, Standards of Disclosure for Mineral Projects), the vendor's NSR will increase to 2.5% and the vendor will receive a bonus payment of \$300,000 in cash or equivalent Golden Predator common shares. If a National Instrument 43-101 compliant resource estimate in excess of 1,000,000 ounces at a grade greater than 5 grams per tonne is defined on the property, the vendor's NSR will increase to 3% and the vendor will receive an additional bonus payment of \$300,000 in cash or equivalent Golden Predator 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 ended March 31, 2017, 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 southeast region of the Yukon Territory. Terms of the agreement include:

- a) Cash payments totaling \$1,050,00, 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 VWAP at the date of issuance and subject to a floor price equal to the minimum price permitted under TSXV policies. The Company will compensate

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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% net smelter return royalty on certain of the Reef Claims and a 1% net smelter return royalty on the remaining Reef Claims (the "Reef NSR"). The Company may repurchase 25% of the Reef NSR, for \$1,000,000, and a further 25% for \$1,500,000.

### Upper Hyland, Yukon

During the period ended March 31, 2017, 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 August 23, 2017
  - \$60,000 on August 23, 2018
  - \$85,000 on August 23, 2019
  - \$100,000 on December 23, 2020
- b) Issuance of common shares as follows:
- 35,000 upon TSXV approval of the transaction (completed)
  - 50,000 on August 23, 2017
  - \$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% net smelter return royalty on certain of the claims and a 1% net smelter return royalty on the remaining claims (the "Bearing NSR"). The Company may repurchase 50% of the Bearing NSR for \$1,000,000.

Completion of the acquisition and the obligation to make any payments other than the initial cash payment and share issuance is conditional upon completion by Bearing of its previously announced transaction with Li3 Energy Inc. If the Li3 transaction is not completed, the initial share issuance will be returned to the Company.

### Brewery Creek, Yukon

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

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

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

## **Sonora Gulch, Yukon**

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

## **Marg, Yukon**

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

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

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

An impairment charge of \$473,912 was taken on the property during the year ended December 31, 2016.

During the period ended March 31, 2017, the purchaser was unable to meet the conditions of the purchase agreement and as a consequence, control of the property was returned to the Company and the Company returned the shares to the purchaser.

## **Grew Creek, Yukon**

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

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

- a) A total of \$950,000 to be paid to the Company as follows:
  - \$35,000 – on the closing date (received);
  - \$50,000 – on the first anniversary of the closing date;
  - \$75,000 – on the second anniversary of the closing date;

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

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

### 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. The Castle West property consists of 74 unpatented claims leased from Platoro and two subleases of an additional 10 claims. The Agreement requires payments to Platoro totaling US\$175,000 over six years, with annual payments of US\$35,000 commencing on the seventh anniversary. Payments to two underlying lessors total US\$113,000 over 5 years, with annual payments of \$36,000 thereafter. All payments are to be credited against future royalty obligations. Platoro retains a sliding-scale net smelter royalty (“NSR”) of 2.0% to 5.0%. Two underlying lessors have NSR’s from 2% to 3% on portions of the property. Platoro’s NSR will be reduced by royalty payments to the underlying lessors to a floor of 0.5%.

In February 2016, May 2016, and August 2016, the Company made 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 March 31, 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 the underlying vendors of the two subleases.

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Platoro is owned by a director of the Company and therefore the lease is considered a related party transaction (see note 14b).

### b) Fortymile, Yukon

In October 2016, the Company entered into an option agreement to acquire the Fortymile project in the Yukon. Terms of the agreement include:

- a. Cash payments totaling \$210,000, as follows:
  - \$10,000 on the execution date (paid)
  - \$20,000 on September 30, 2017
  - \$30,000 on September 30, 2018
  - \$40,000 on September 30, 2019
  - \$50,000 on September 30, 2020
  - \$60,000 on September 30, 2021
- b. \$25,000 on completion of the first 750 meters of drilling (to be completed prior to September 30, 2019) and an additional \$25,000 on completion of the next 750 meters of drilling (to be completed prior to September 30, 2020)
- c. An annual advance royalty payment of \$10,000 commencing on September 30, 2022.
- d. A payment of up to \$2,000,000 (at \$1.25 per ounce classed as inferred or higher) for a NI 43-101 compliant resource outlined in a Pre-Feasibility Study.
- e. The Company granted the vendor a 2% net smelter return royalty. The Company may repurchase 50% of the NSR, for \$1,500,000.

## 8. 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").

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

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

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

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

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rendered; and 4) the Company has granted Till Capital an additional security interest in its Brewery Creek and 3 Aces properties.

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

	<b>Promissory Note</b>	
Carrying value - December 31, 2015	\$	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		(1,000,000)
Payment of accreted interest		(216,373)
Accreted interest in the period		125,152
Carrying value- March 31, 2017	\$	2,055,588

During the period ended March 31, 2017, the Company made a payment of \$1,216,373 (2016 - \$717,450) on the Promissory Note, including principal of \$1,000,000 (2016 - \$572,710) and interest of \$216,373 (2016 - \$144,740)

### 9. RECLAMATION BONDS

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

### 10. FLOW THROUGH SHARE PREMIUM LIABILITY

<b>Balance December 31, 2015</b>	\$	-
Liability incurred on flow-through shares issued		996,600
Settlement of flow-through share liability on expenditures incurred		(758,200)
<b>Balance December 31, 2016</b>		238,400
Liability incurred on flow-through shares issued		777,113
Settlement of flow-through share liability on expenditures incurred		(305,058)
<b>Balance March 31, 2017</b>	\$	710,454

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## 11. 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, \$254,250 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 three months ended March 31, 2017, the Company issued:

- 3,205,048 Class A common shares for proceeds of \$1,219,423 related to the exercise of warrants,
- 567,500 Class A common shares for proceeds of \$252,124 related to the exercise of stock options,
- 100,000 Class A common shares for deemed proceeds of \$159,000 related to the purchase of the Reef property, and
- 35,000 Class A common shares for deemed proceeds of \$20,300 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 volume weighted average price is \$2.50 for 20 consecutive trading days, in which event the Company may give notice that the warrants expire 30 days following the notice of acceleration. The Company paid cash share issuance costs of \$1,279,358 and issued 1,318,030 agent warrants valued at \$606,294 in connection with the private placement.

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

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

In May 2016, the Company closed a private placement for 21,350,000 units and 5,650,000 flow-through units each at a price of \$0.16 per unit for total proceeds of \$4,320,000. Each unit consists of one Class A common share and one share purchase warrant. Each flow-through unit consists of one flow-through Class A common

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

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



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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 \$80,100 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 three months ended March 31, 2017, the Company recognized stock-based compensation related to options of \$394,285 (2016 - \$44,570). The weighted average fair value of options granted in the three months ended March 31, 2017 was \$1.47 (2016 - \$0.10) 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	0.62%	0.48%
Expected life of option	3 years	3 years
Expected dividend yield	0%	0%
Expected stock price volatility	132.82%	135.08%

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Stock option transactions are summarized as follows:

	<b>Outstanding Options</b>	<b>Weighted Average Exercise Price</b>
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	835,000	1.47
Exercised	(567,500)	0.29
Forfeited	(85,000)	0.82
Balance, March 31, 2017	6,117,000	\$0.61
Exercisable, March 31, 2017	3,128,000	

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As at March 31, 2017 incentive stock options were outstanding as follows:

Outstanding Options	Exercise Price (\$)	Expiry Date
225,000	0.20	August 1, 2017
450,000	0.10	November 17, 2017
100,000	0.14	March 1, 2018
100,000	0.17	March 1, 2018
100,000	0.66	March 1, 2018
40,000	0.12	March 23, 2018
125,000	0.12	June 22, 2018
166,250	0.14	October 1, 2018
753,750	0.17	February 25, 2019
20,000	0.25	May 2, 2019
280,000	0.43	May 24, 2019
1,590,000	0.66	June 3, 2019
75,000	0.95	June 20, 2019
30,000	0.82	July 20, 2019
150,000	0.91	August 10, 2019
677,000	0.69	October 7, 2019
25,000	0.72	October 11, 2019
25,000	0.80	October 14, 2019
25,000	0.75	October 19, 2019
60,000	0.77	November 1, 2019
10,000	0.77	November 9, 2019
255,000	0.56	November 23, 2019
125,000	0.99	January 20, 2020
50,000	1.51	February 1, 2020
530,000	1.60	March 21, 2020
130,000	1.41	March 21, 2020
<b>6,117,000</b>	<b>0.61</b>	

During the period ended March 31, 2017, 251,562 brokers' warrants with a fair value of \$0.84 were issued in connection with the March private placement and 100,000 warrants with a fair value of \$0.87 were issued for the acquisition of the Reef property. 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%	-
Expected life of option	2.3 years	-
Expected dividend yield	0%	-
Expected stock price volatility	107.11%	-

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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	(3,205,048)	0.38
Balance, March 31, 2017	37,434,044	0.43

At March 31, 2017, warrants were outstanding as follows:

Outstanding Warrants	Exercise Price (\$)	Expiry Date
2,000,000	0.15	February 25, 2018
875,000	0.15	March 3, 2018
22,712,500	0.21	May 24, 2018
1,274,000	0.16	May 24, 2018 (finder's warrants) *
10,220,982	1.00	July 26, 2018
251,562	1.60	March 14, 2019
100,000	1.59	March 23, 2020
37,434,044	0.43	

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

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### 12. EXPLORATION EXPENSES

	2017	2016
Geological consulting and salaries	\$ 894,073	\$ 279,897
Drilling	427,887	-
Assays	281,985	-
Fuel	146,322	-
Supplies	130,913	-
Transportation and travel	75,914	103,264
Miscellaneous	73,371	37,189
Depreciation	58,231	34,568
Environment	55,475	14,378
Shipping and expediting	47,665	-
Socioeconomic	43,890	-
Trenching and sampling	35,936	130,522
Camp and accommodations	29,398	74,942
Mapping	15,159	-
Geochemistry	9,344	34,974
Excavation	4,510	-
Helicopter	-	3,609
	\$ 2,330,073	\$ 713,343

### 13. GENERAL AND ADMINISTRATIVE EXPENSES

	2017	2016
Share-based compensation	\$ 394,285	\$ 44,570
Office and insurance	357,691	11,384
Travel, shareholder relations and promotion	201,907	31,958
Professional fees	152,616	24,489
Regulatory & compliance	22,464	11,636
Depreciation	58	-
	\$ 1,129,021	\$ 124,037

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### 14. SUPPLEMENTAL CASH FLOW INFORMATION

Net change in non-cash working capital	Three months ended March 31,	
	2017	2016
Accounts receivable	\$ (209,285)	\$ (26,460)
Prepaid expenses and deposits	(131,026)	4,164
Accounts payable and accrued liabilities	(261,684)	444,080
	\$ (601,995)	\$ 421,784

Non-cash financing and investing activities	Three months ended March 31,	
	2017	2016
Issue of shares in purchase agreement	\$ 179,300	\$ 281,250
Issue of warrants in purchase agreement	87,585	-
Exercise of stock options	87,987	-
Premium received on flow-through shares in private placement (note 9)	777,113	-
share purchase warrants issued	212,480	-
Shares received for mineral properties (note 6)	-	55,573
	\$ 1,344,465	\$ 336,823

### 15. RELATED PARTY TRANSACTIONS

#### a) Key management compensation

The compensation paid or payable to key management (Chairman, Chief Executive Officer and Chief Financial Officer) for management services provided is as follows:

	Three months ended March 31,	
	2017	2016
Salary	\$ 134,667	\$ -
Stock-based compensation	112,590	39,966
	\$ 247,257	\$ 39,966

#### b) Other transactions

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

During the three months ended March 31, 2017, the Company made total option payments of \$nil (2016 - US\$2,500 (CAD: \$3,135)). During the period ended March 31, 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 the underlying vendors of the two subleases.

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### c) Balances outstanding

There was \$15,898 due to officers of the Company at March 31, 2017 (2016 - \$2,777).

## 16. 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 March 31, 2017, and December 31, 2016, the Company's carrying values of cash and cash equivalents and accounts payable approximate their fair values due to their short term to maturity.

The three levels of the fair value hierarchy are:

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

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

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

At March 31, 2017, and December 31, 2016, the Company's investments are based on level 1 inputs of the fair value hierarchy and the Promissory Note is based on level 2 inputs of the fair value hierarchy. Investment values are based on the closing trading price of the shares on public stock exchanges at the year-end date. The Promissory Note is carried at amortized cost using the effective interest rate method. The fair value of the Promissory Note was estimated using a discounted cash flow calculation, using a discount rate of 15.00% which is management's estimate of the Company's cost of borrowing.

### Financial Risks Management

#### Market risk

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

#### Foreign exchange risk

The Company operates mainly in Canada but a small portion of the Company's financial assets and liabilities are denominated in US dollars. The Company does not undertake currency hedging activities but continuously monitors its exposure to foreign exchange risk to determine if any mitigation strategies warrant consideration.

#### Credit risk

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

#### Interest rate risk

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

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### 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 March 31, 2017, the Company had working capital of \$19,622,910 (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 March 31, 2017

	Up to 1 year		1-5 years		Total
Accounts payable and accrued liabilities	\$	1,812,253	\$	-	\$ 1,812,253
Flow-through share premium liability		710,454		-	710,454
Promissory note		-		2,200,000	2,200,000
	\$	2,522,707	\$	2,200,000	\$ 4,722,707

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

### Capital Management

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

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

The Company is not currently subject to externally imposed capital requirements. There were no changes in the Company's approach to capital management during the periods ended March 31, 2017 and December 31, 2016.



## Golden Predator Mining Corp.

Notes to the Condensed Interim Consolidated Financial Statements  
For the three months ended March 31, 2017 and 2016  
(Unaudited – Prepared by Management)  
(in Canadian Dollars)

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### 17. COMMITMENTS

- a) On May 8, 2017, the Company amended its lease agreement for an office space commenced on October 1, 2016 and ending September 30, 2021. Under the revised lease agreement, the company will be moving to a new location, located in down town Vancouver. The new lease will commence on June 1, 2017 and end May 2021.

<u>Year</u>	<u>Payments</u>
2017	\$46,514
2018	\$74,652
2019	\$77,570
2020	\$80,488
2021	\$83,406
2022	\$35,259

As of March 31, 2017, the Company has prepaid a rental deposit of \$14,190 and rent of \$3,974.

- 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) During the period ended March 31, 2017, the Company entered into a building lease agreement commencing February 1, 2017, for a period of three years. The Company is leasing a building in Watson Lake, Yukon for \$1,800 per month for the first six months, payable in advance, and for \$1,300 per month thereafter, with the reduction in the lease fee of \$500 per month subject to flooring improvements to be made by the Company.
- d) During the period ended March 31, 2017, the Company entered into a building lease agreement commencing May 15, 2017, for a period of one year. The Company is leasing a unit in a building in Whitehorse, Yukon for \$2,000 per month. A discount of \$2,000 was provided to the Company.

### 18. SUBSEQUENT EVENTS

Subsequent to the period ended March 31, 2017, the Company:

- a) Received proceeds of \$168,850 from the exercise of 308,750 options and proceeds of \$63,000 from the exercise of 300,000 warrants.
- b) Granted 230,000 stock options to directors, advisors, officers and employees of the Company. The stock options are exercisable for three years at an average exercise price of \$1.38 per common share. Vesting will occur over a period of two years, with an initial 25% of the stock options vesting 6 months from the date of grant, followed by an additional 25% of the stock options vesting every six months thereafter until fully vested.