GOWEST GOLD LTD.

Financial Statements

Unaudited

Nine Months Ended July 31, 2017 and 2016

Expressed in Canadian Dollars

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying unaudited condensed interim financial statements of Gowest Gold Ltd. ("Gowest" or the "Company") are the responsibility of management and the Board of Directors.

The unaudited condensed interim financial statements have been prepared by management on behalf of the Board of Directors, in accordance with the accounting policies disclosed in the notes to the unaudited condensed interim financial statements. Where necessary, management has made informed judgments and estimates in accounting for transactions which were not complete at the statement of financial position date. In the opinion of management, the unaudited condensed interim financial statements have been prepared within acceptable limits of materiality and are in accordance with International Accounting Standard 34-Interim Financial Reporting using accounting policies consistent with International Financial Reporting Standards appropriate in the circumstances.

Management has established processes, which are in place to provide it sufficient knowledge to support management representations that it has exercised reasonable diligence that: (i) the unaudited condensed interim financial statements do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of, and for the periods presented by, the unaudited condensed interim financial statements; and (ii) the unaudited condensed interim financial statements fairly present in all material respects the financial condition, results of operations and cash flows of the Company, as of the date of and for the periods presented by the unaudited condensed interim financial statements.

The Board of Directors is responsible for reviewing and approving the unaudited condensed interim financial statements together with other financial information of the Company and for ensuring that management fulfills its financial reporting responsibilities. An Audit Committee assists the Board of Directors in fulfilling this responsibility. The Audit Committee meets with management to review the financial reporting process and the unaudited condensed interim financial statements together with other financial information of the Company. The Audit Committee reports its findings to the Board of Directors for its consideration in approving the unaudited condensed interim financial statements together with other financial information of the Company for issuance to the shareholders.

Management recognizes its responsibility for conducting the Company's affairs in compliance with established financial standards, and applicable laws and regulations, and for maintaining proper standards of conduct for its activities.

NOTICE TO READER

The accompanying unaudited condensed interim financial statements of the Company have been prepared by, and are the responsibility of management. The unaudited condensed interim financial statements have not been reviewed by the Company's auditors.

GOWEST GOLD LTD.
Condensed Interim Statements of Financial Position
Unaudited
In Canadian dollars

ASSETS		July 31, 2017		October 31, 2016
Current assets				
Cash and cash equivalents (Note 5)	$	**2,916.768**	$	893,806
Amounts receivable and other assets (Note 6)		**861,527**		118,901
Total current assets		**3,778,295**		1,012,707
Deferred financing costs (Note 11)		**465,052**		-
Long term investments (Note 8)		**9,000**		6,000
Equipment (Note 7)		**69,378**		22,009
Long term deposits (Note 9)		**1,186,805**		180,421
Exploration and evaluation properties (Note 9)		**31,225,879**		21,362,861
Total assets	$	**36,734,409**	$	22,583,998
LIABILITIES				
Current liabilities				
Accounts payable and accrued liabilities (Note 14)	$	**2,544,214**	$	269,612
Total current liabilities		**2,544,214**		269,612
Asset retirement obligation (Note 10)		**912,750**		-
Long term debt (Note 11)		**6,229,893**		-
Deferred income taxes		**1,564,000**		1,274,000
Total liabilities		**11,250,857**		1,543,612
SHAREHOLDERS' EQUITY				
Share capital (Note 12)		**32,481,506**		27,161,491
Reserves (Note 11 & 12 (c)(d))		**2,259,327**		1,126,446
		34,740,833		28,287,937
Accumulated deficit		**(9,262,156)**		(7,249,426)
Accumulated other comprehensive income (Note 8)		**4,875**		1,875
		(9,257,281)		(7,247,551)
Total shareholders' equity		**25,483,552**		21,040,386
Total liabilities and shareholders' equity	$	**36,734,409**	$	22,583,998

Nature of operations and going concern (Note 1)
Commitments and Contingencies (Notes 9, 10, 11 and 15)

APPROVED ON BEHALF OF THE BOARD

"Peter Quintiliani" Director

"C. Fraser Elliott" Director

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

GOWEST GOLD LTD.
Condensed Interim Statements of Loss and Comprehensive Loss
(Unaudited)
In Canadian dollars

		Three Months ended July 31, 2017		Three Months ended July ,31, 2016		Nine Months ended July 31, 2017		Nine Months ended July 31, 2016
Operating Expenses								
General and administrative (Note 13)	$	**767,569**	$	589,479	$	**1,918584**	$	1,121,003
Accretion (Note 10 & 11)		**345,624**				**662,777**		
		(1,113,193)		(589,479)		**(2,581,361)**		(1,121,003)
Foreign exchange gain		**630,896**		-		**384,613**		-
Interest and other income		**6,510**		1,274		**16,343**		2,869
Deferred tax recovery		**9,000**		-		**9,000**		-
Net loss for the period	$	**(466,787)**	$	(588,205)	$	**(2,171,405)**	$	(1,118,134)
Unrealized gain on securities available for sale		**- -**		4,500 -		**3,000**		6,000
et comprehensive loss for the period		**(466,787)**		(583,205)		**(2,168,405)**		(1,112,134)
Basic and diluted (loss) per share	$	**(0.001)**		(0.002)	$	**(0.007)**	$	(0.004)
Weighted average number of common shares outstanding		**307,057,002**		282,987,455		**300,262,342**		279,123,512

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

GOWEST GOLD LTD.
Condensed Interim Statements of Changes in Equity
Unaudited
In Canadian dollars

Equity attributable to shareholders		**Reserves**			**Accumulated other comprehensive loss**		
	Share Capital	**Warrants**	**Stock options**	**Convertible Debt**		**Accumulated deficit**	**Total equity**
Balance at October 31, 2016	**$ 27,161,491**	**$ 149,642**	**$ 976,804**	**$ -**	**$ 1,875**	**$ (7,249,426)**	**$ 21,040,386**
Issued on private placement	**5,490,499**	**-**	**-**	**-**	**-**	**-**	**5,490,499**
Issued on exercise of options	**2,375**	**-**	**-**	**-**	**-**	**-**	**2,375**
Share issue costs	**(310,184)**	**12,913**	**-**	**-**	**-**	**-**	**(297,271)**
Convertible feature of long term debt	**-**	**-**	**-**	**782,000**	**-**	**-**	**782,000**
Shares issued for compensation	**135,000**		**-**	**-**	**-**	**-**	**135,000**
Fair value of warrants expired	**-**	**(10,375)**	**-**	**-**	**-**	**10,375**	**-**
Fair value of options exercised	**2,325**	**-**	**(2,325)**	**-**	**-**	**-**	**-**
Share-based payment	**-**	**-**	**498,968**	**-**	**-**	**-**	**498,968**
Fair value of stock options expired	**-**	**-**	**(148,300)**	**-**	**-**	**148,300**	**-**
Net loss and comprehensive loss for the period	**-**	**-**	**-**	**-**	**3,000**	**(2,171,405)**	**(2,168,405)**
Balance at July 31, 2017	**$ 32,481,506**	**$ 152,180**	**$ 1,325,147**	**$ 782,000**	**$ 4,875**	**$ (9,262,156)**	**$ 25,483,552**
Balance at October 31, 2015	$ 25,285,316	$ 152,710	$ 1,409,023	$ -	$ (1,125)	$ (6,908,307)	$ 19,937,617
Issued on private placement	1,017,742	-	-	-	-	-	1,017,742
Issued on exercise of warrants	126,250	-	-	-	-	-	126,250
Fair value of warrants issued	(123,342)	123,342	-	-	-	-	-
Fair value of warrants exercised	21,429	(21,429)	-	-	-	-	-
Share issue costs	(69,798)	-	-	-	-	-	(69,798)
Shares issued on purchase of royalty	800,000	-	-	-	-	-	800,000
Shares issued for compensation	98,438	-	-	-	-	-	98,438
Share-based payment	-	-	286,219	-	-	-	286,219
Fair value of warrants expired	-	(139,085)	-	-	-	139,085	-
Fair value of stock options expired	-	-	(674,939)	-	-	674,939	-
Net loss and comprehensive loss for the period	-	-	-	-	6,000	(1,118,134)	(1,112,134)
Balance at July 31, 2016	$ 27,156,035	$ 115,538	$ 1,020,303	$ -	$ 4,875	$ (7,212,417)	$ 21,084,334

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

GOWEST GOLD LTD.
Condensed Interim Statements of Cash Flows
Unaudited
In Canadian dollars

	Nine months ended July 31, 2017	July 31 2016
Operating activities		
Net (loss) for the period	$ (2,168,405)	$ (1,112,134)
Items not affecting cash:		
Amortization	12,861	10,819
Share-based payments	498,968	286,219
Unrealized gain on marketable securities	(3,000)	(6,000)
Common shares issued for services	60,000	98,438
Unrealized foreign exchange loss	(381,586)	-
Accretion	662,777	-
	(1,318,385)	(722,658)
Changes in non-cash working capital items	(926,009)	(415,230)
Cash flows from operating activities	(392,376)	(1,137,888)
Investing activities		
Exploration and evaluation expenditures	(8,953,018)	(1,060,021)
Purchase of equipment	(53,140)	-
Deposit on equipment	(332,507)	-
Cash flows from investing activities	(9,338,665)	(1,060,021)
Financing activities		
Proceeds from issue of capital stock, options and warrants	5,492,874	1,143,992
Transaction costs on private placements	(297,271)	(69,798)
Proceeds from issuance of long-term debt	7,329,840	-
Transaction costs on long-term debt	(771,440)	-
Cash flows from financing activities	11,754,003	1,074,194
Increase in cash and cash equivalents during the period	2,022,962	(1,123,715)
Cash and cash equivalents, beginning of period	893,806	2,391,096
Cash and cash equivalents, end of period	$ 2,916,768	$ 1,267,381
CASH AND CASH EQUIVALENTS ARE COMPOSED OF:		
Cash	$ 2,886,379	$ 1,247,000
Cash equivalents	30,389	20,381
SUPPLEMENTAL INFORMATION		
Change in non-cash working capital related to Exploration and evaluation expenditures	**$** 2,278,769	$ (132,694)

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

1. NATURE OF OPERATIONS AND GOING CONCERN

Gowest Gold Ltd. ("Gowest" or the "Company") is in the business of exploring and evaluating properties that it believes contain mineralization that is, or will, in the future, be economically recoverable. To date, the Company has not earned significant revenues from its activities. The address and registered office of the Company is 80 Richmond Street West, Suite 1400, Toronto, Ontario, Canada, M5H 2A4.

The business of mining and exploring for minerals involves a high degree of risk and there can be no assurance that planned exploration and evaluation programs will result in profitable mining operations. The recoverability of the amounts capitalized for exploration and evaluation properties is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete exploration and development, and upon future profitable production or proceeds from dispositions of such properties. Changes in future conditions could require material write-downs of the carrying amounts of exploration and evaluation properties.

Although the Company has taken steps to verify title to its property interests, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to government licensing requirements or regulations, social discretionary requirements, unregistered prior agreements, aboriginal claims, and noncompliance with regulatory and environmental requirements. The Company's assets may also be subject to increases in taxes and royalties, renegotiation of contracts, currency exchange fluctuations and restrictions and political uncertainty.

The accompanying financial statements have been prepared on the going concern assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. Due to continuing operating losses, the Company's ability to continue as a going concern is dependent upon its ability to fund its working capital and exploration requirements and eventually to generate positive cash flows, either from operations or sale of property.

Accordingly, readers are cautioned that these financial statements do not reflect adjustments that would be necessary if the "going concern" basis were not appropriate. Changes in future conditions could require material write downs of the carrying value of certain assets.

These financial statements of the Company were reviewed by the Audit Committee and approved and authorized for issue by the Board of Directors on September 26, 2017.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

These unaudited condensed interim financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) applicable to the preparation of interim financial statements, including International Accounting Standard 34 (“IAS 34”) Interim Financial Reporting. These unaudited condensed interim financial statements should be read in conjunction with the audited financial statements for the year ended October 31, 2016.

These interim financial statements follow the same accounting policies and methods of application as the Company’s most recent audited financial statements, except as disclosed below. Accordingly, they should be read in conjunction with the Company’s most recent annual financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Financial instruments

The Company's financial instruments consist of the following:

Financial assets:	Classification:
Cash and financial instruments included in long-term deposits	Loans and receivables
Cash equivalents	Fair value through profit or loss ("FVTPL")
Long-term investments	Available for sale

Financial liabilities:	Classification:
Accounts payable and accrued liabilities	Other financial liabilities
Long-term debt	Other financial liabilities

Compound financial instruments

Compound financial instruments comprise of convertible debentures that can be converted into common shares at the option of the holder, and the number of shares to be issued does not vary with changes in their fair value.

The liability component is recognized initially at the fair value of a similar liability that does not have an equity conversion option. The equity component is recognized initially as the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their carrying amounts.

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at an amortized cost using the effective interest method. The equity component of a compound financial instrument is not re-measured subsequent to initial recognition.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Equipment

Equipment is carried at cost, less accumulated depreciation and accumulated impairment losses.

The cost of an item of equipment consists of the purchase price, any costs directly attributable to bringing the asset to the location and condition necessary for its intended use and an initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

Amortization is recognized based on the cost of an item of equipment, less its estimated residual value, over its estimated useful life at the following rates:

Detail	Percentage	Method
Vehicle	30%	Declining balance
Furniture and fixtures	20%	Straight line
Computer equipment	30%	Declining balance
Software	30%	Declining balance
Equipment	10 years	Straight line

An asset's residual value, useful life, and depreciation method are reviewed and adjusted, if appropriate, on an annual basis.

(d) Significant accounting judgments and estimates

The preparation of these financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. These financial statements include estimates that, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The key sources of estimation uncertainty that have a significant risk of causing material adjustment to the amounts recognized in the financial statements are:

Capitalization of exploration and evaluation expenditures

Management has determined that exploration and evaluation expenditures incurred during the year have future economic benefits and are economically recoverable. In making this judgment, management has assessed various sources of information including but not limited to the geologic and metallurgic information, history of conversion of mineral deposits to proven and probable mineral reserves, scoping and feasibility studies, proximity of operating facilities, operating management expertise and existing permits.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Significant accounting judgments and estimates (continued)

Impairment of exploration and evaluation properties

While assessing whether any indications of impairment exist for exploration and evaluation properties, consideration is given to both external and internal sources of information. Information the Company considers include changes in the market, economic and legal environment in which the Company operates that are not within its control that could affect the recoverable amount of exploration and evaluation properties. Internal sources of information include the manner in which exploration and evaluation properties are being used or are expected to be used and indications of expected economic performance of the assets. Estimates may include but are not limited to estimates of the discounted future after-tax cash flows expected to be derived from the Company's exploration and evaluation properties, costs to sell the properties and the appropriate discount rate. Reductions in metal price forecasts, increases in estimated future costs of production, increases in estimated future capital costs, reductions in the amount of recoverable mineral reserves and mineral resources and/or adverse current economics can result in a write-down of the carrying amounts of the Company's exploration and evaluation properties.

Long term debt

The classification of the Company's long term debt required management to analyze the terms and conditions of the long term debt and use judgment to assess whether the instrument is a liability, equity or a combination of the two. IAS 32 provides the criteria for management to assess these complicated financial instruments to determine their appropriate classification(s). Factors considered include, but are not limited to, whether the Company has a future obligation to settle the instrument in cash or exchange other assets or liabilities, and if the settlement is already known to be equity, the amount will not vary based on the Company's future share price, future foreign exchange rates or some other factor that results in a variable number of equity instruments being issued.

The Company was required to make certain estimates when determining the value of the liability and equity components of the long term debt. The discount rate used to measure the liability component on initial recognition is subject to management estimation and has a significant impact on the allocation of the debt and equity components of the facility.

Share-based payments

Management determines costs for share-based payments using market-based valuation techniques. The fair value of the market-based and performance-based share awards are determined at the date of grant using generally accepted valuation techniques. Assumptions are made and judgment used in applying valuation techniques. These assumptions and judgments include estimating the future volatility of the stock price, expected dividend yield, future employee turnover rates and future employee stock option exercise behaviours and corporate performance. Such judgments and assumptions are inherently uncertain. Changes in these assumptions affect the fair value estimates.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Significant accounting judgments and estimates (continued)

Income taxes and recoverability of potential deferred tax assets

In assessing the probability of realizing income tax assets recognized, management makes estimates related to expectations of future taxable income, applicable tax planning opportunities, expected timing of reversals of existing temporary differences and the likelihood that tax positions taken will be sustained upon examination by applicable tax authorities. In making its assessments, management gives additional weight to positive and negative evidence that can be objectively verified. Estimates of future taxable income are based on forecasted cash flows from operations and the application of existing tax laws in each jurisdiction. The Company considers whether relevant tax planning opportunities are within the Company's control, are feasible, and are within management's ability to implement. Examination by applicable tax authorities is supported based on individual facts and circumstances of the relevant tax position examined in light of all available evidence. Where applicable tax laws and regulations are either unclear or subject to ongoing varying interpretations, it is reasonably possible that changes in these estimates can occur that materially affect the amounts of income tax assets recognized. Also, future changes in tax laws could limit the Company from realizing the tax benefits from the deferred tax assets. The Company reassesses unrecognized income tax assets at each reporting period.

Income, value added, withholding and other taxes

The Company is subject to income, value added, withholding and other taxes. Significant judgment is required in determining the Company's provisions for taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. The determination of the Company's income, value added, withholding and other tax liabilities requires interpretation of complex laws and regulations. The Company's interpretation of taxation law as applied to transactions and activities may not coincide with the interpretation of the tax authorities. All tax related filings are subject to government audit and potential reassessment subsequent to the financial statement reporting period. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the tax related accruals and deferred income tax provisions in the period in which such determination is made.

Contingencies – Refer to Note 15
Going concern – Refer to Note 1

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) New accounting standards and interpretations effective in future period

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods beginning after November 1, 2016 or later periods. Many are not applicable or do not have a significant impact to the Company and have been excluded from the list below. The following have not yet been adopted and are being evaluated to determine the impact on the Company.

(i) IFRS 2 – Share-based Payment ("IFRS 2") was amended by the IASB in June 2016 to clarify the accounting for cash-settled share-based payment transactions that include a performance condition, the classification of share-based payment transactions with net settlement features and the accounting for modifications of share-based payment transactions from cash-settled to equity-settled. The amendments are effective for annual periods beginning on or after January 1, 2018, with earlier application permitted.

(ii) IAS 7 – Statement of Cash Flows ("IAS 7") was amended in January 2016 to clarify that disclosures shall be provided that enable users of financial statements to evaluate changes in liabilities arising from financing activities. The amendments are effective for annual periods beginning on or after January 1, 2017.

(iii) IFRS 9 – Financial instruments ("IFRS 9") was issued by the IASB in November 2009 with additions in October 2010 and May 2013 and will replace IAS 39 Financial Instruments: Recognition and Measurement ("IAS 39"). IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9, except that an entity choosing to measure a financial liability at fair value will present the portion of any change in its fair value due to changes in the entity's own credit risk in other comprehensive income, rather than within profit or loss. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 is effective for annual periods beginning on or after January 1, 2018. Earlier adoption is permitted.

(iv) IFRS 16 – Leases ("IFRS 16") was issued in January 2016 and replaces IAS 17 – Leases as well as some lease related interpretations. With certain exceptions for leases under twelve months in length or for assets of low value, IFRS 16 states that upon lease commencement a lessee recognises a right-of-use asset and a lease liability. The right-of-use asset is initially measured at the amount of the liability plus any initial direct costs. After lease commencement, the lessee shall measure the right-of-use asset at cost less accumulated depreciation and accumulated impairment. A lessee shall either apply IFRS 16 with full retrospective effect or alternatively not restate comparative information but recognise the cumulative effect of initially applying IFRS 16 as an adjustment to opening equity at the date of initial application. IFRS 16 requires that lessors classify each lease as an operating lease or a finance lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. Otherwise it is an operating lease. IFRS 16 is effective for annual periods beginning on or after January 1, 2019. Earlier adoption is permitted if IFRS 15 has also been applied.

During the period ended July 31, 2017, the Company adopted a number of new IFRS standards, interpretations, amendments and improvements of existing standards, including IAS 1. These new standards and changes did not have any materials impact on the Company's financial statements.

3. CAPITAL MANAGEMENT

When managing capital, the Company’s objective is to ensure the entity continues as a going concern as well as to achieve optimal returns to shareholders and benefits for other stakeholders. Management adjusts the capital structure as necessary in order to support the acquisition, exploration and evaluation of its properties. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management team to sustain the future development of the business. The Company considers its capital to be shareholders' equity, which comprises share capital, reserves, accumulated deficit and accumulated other comprehensive loss, which at July 31, 2017, totalled $25,483,552 (October 31, 2016 - $21,040,386).

The properties in which the Company currently has an interest are in the exploration and evaluation stage. As such, the Company is dependent on external financing to fund its activities. In order to carry out its planned exploration programs and pay for administrative costs, the Company will spend its existing working capital and raise additional amounts when economic conditions permit it to do so.

Management has chosen to mitigate the risk and uncertainty associated with raising additional capital in current economic conditions by:

(i) minimizing discretionary disbursements;
(ii) reducing or eliminating exploration expenditures that are of limited strategic value; and
(iii) exploring alternative sources of liquidity.

In light of the above, the Company will attempt to explore and evaluate its properties, assess new properties and seek to acquire an interest in additional properties if the Company believes there is sufficient potential and if it has adequate financial resources to do so.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is appropriate. There were no changes in the Company's approach to capital management during the three and nine month periods ended July 31, 2017.

The Company is not subject to any capital requirements imposed by a lending institution or regulatory body, other than by the TSX Venture Exchange (“TSXV”) who requires adequate working capital or financial resources of the greater of (i) $50,000 and (ii) an amount required in order to maintain operations and cover general and administrative expenses for a period of 6 months.

4. FINANCIAL RISK FACTORS

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk, and market risk (including interest rate risk, foreign currency risk and commodity and equity price risk). Financial risk management is carried out by the Company's management team with guidance from the Board of Directors.

(i) Credit risk

The Company's credit risk is primarily attributable to cash and cash equivalents. Cash and cash equivalents consist of cash, high interest savings accounts and certificates of deposit at select Canadian financial institutions, from which management believes the risk of loss to be remote. Management believes that the credit risk concentration with respect to the financial instruments included in cash and cash equivalents is remote.

4. FINANCIAL RISK FACTORS (CONTINUED)

(ii) Liquidity risk

Liquidity risk is the risk that the Company will not have sufficient cash resources to meet its financial obligations as they come due. The Company's liquidity and operating results may be adversely affected if its access to the capital market is hindered, whether as a result of a downturn in stock market conditions generally or matters specific to the Company. The Company generates cash flow primarily from its financing activities. As at July 31, 2017, the Company had cash, cash equivalents, amounts receivable and other current assets of $3,778,295 (October 31, 2016 - $1,012,707) to settle accounts payable and accrued liabilities of $2,544,214 (October 31, 2016 - $269,612). All of the Company's accounts payable and accrued liabilities have contractual maturities of less than 30 days and are subject to normal trade terms. (See Note 11 for details of the long-term debt repayment terms.) The Company regularly evaluates its cash position to ensure preservation and security of capital as well as liquidity. As discussed in Note 1, the Company's ability to continually meet its obligations and carry out its planned exploration and evaluation activities is uncertain and dependent upon the continued financial support of its shareholders and securing additional financing.

(iii) Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates and commodity and equity prices.

(a) Interest rate risk

The Company has cash and cash equivalents. The Company's current policy is to invest excess cash in high interest savings accounts and investment-grade certificates of deposit issued by its Canadian financial institutions. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its Canadian financial institutions. The Company's long-term debt effectively bears interest at a fixed rate. Currently, the Company does not hedge against interest rate risk.

(b) Foreign currency risk

Currency risk is the risk that the fair value of, or future cash flows from, the Company's financial instruments will fluctuate because of changes in foreign exchange rates. The Company's functional currency is the Canadian dollar and major purchases are transacted in Canadian dollars. As a result, the Company's exposure to foreign currency risk is minimal.

(c) Price risk

The Company is exposed to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors commodity prices, as they relate to gold, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company. As the Company's mineral properties are in the exploration stage, the Company does not hedge against commodity price risk. The Company's long-term investment in Crown Mining Corp. ("Crown") is subject to fair value fluctuations arising from changes in the equity and commodity markets.

4. FINANCIAL RISK FACTORS (CONTINUED)

Sensitivity analysis

Based on management's knowledge and experience of the financial markets, the Company believes the following movements are reasonably possible over a nine month period:

(i) Cash equivalents are subject to floating interest rates. As at July 31, 2017, if interest rates had decreased/increased by 1% with all other variables held constant, the loss for the three and nine month periods ended July 31, 2017 would have not had been significantly impacted.

(ii) The Company's available-for-sale investment in the common shares of Crown is subject to fair value fluctuations. As at July 31, 2017, if the bid price of the common shares of Crown had changed by 10% with all other variables held constant, the other comprehensive income for the three and nine month period ended July 31, 2017, before tax, would not have been significantly impacted.

The following table illustrates the classification of the Company's financial instruments within the fair value hierarchy as at July 31, 2017 and October 31, 2016:

July 31, 2017	**Level 1**	**Level 2**	**Level 3**	**Total**
Cash equivalents	**$ -**	**$ 30,389**	**$ -**	**$ 30,389**
Long-term investments:				
- Investment in a public company	**9,000**	**-**	**-**	**9,000**
	$ 9,000	**$ 30,389**	**$ -**	**$ 39,389**

October 31, 2016	Level 1	Level 2	Level 3	Total
Cash equivalents	$ -	$ 20,684	$ -	$ 20,684
Long-term investments:				
- Investment in a public company	6,000	-	-	6,000
	$ 6,000	$ 20,684	$ -	$ 26,684

5. CATEGORIES OF FINANCIAL INSTRUMENTS

	As at July 31, 2017	As at October 31, 2016
Financial assets:		
FVTPL		
Cash equivalents	**$ 30,389**	$ 20,684
Loans and Receivables		
Cash	**2,886,379**	873,122
Total Cash and cash equivalents	**2,916,768**	893,806
Available for sale financial asset	**9,000**	6,000
Financial liabilities:		
Other financial liabilities		
Accounts payable and accrued liabilities	**$ 2,544,214**	$ 269,612
Long-term debt	$ **6,229,893**	$ -

As at July 31, 2017, and October 31, 2016, the fair value of the Company's loans and receivables and accounts payable and accrued liabilities approximate their estimated carrying values, due to their short-term nature. The fair value of the long-term debt approximates its carrying value due to the short amount of time that has passed since it was received.

6. AMOUNTS RECEIVABLE AND OTHER ASSETS

		As at July 31, 2017		As at October 31, 2016
Amounts receivable	$	**618,454**	$	75,566
Prepaid expense		**243,073**		43,335
	$	**861,527**	$	118,901

7. EQUIPMENT

Cost	Computer Equipment	Furniture	Vehicles	Software	Total
Balance, October 31, 2015	8,726	26,441	96,491	63,174	194,832
Additions	-	-	-	-	-
Balance, October 31, 2016	8,726	26,441	96,491	63,174	194,832
Additions	**3,581**	**20,560**	**28,999**	**-**	**53,140**
Balance, July 31, 2017	**12,307**	**47,001**	**125,490**	**63,174**	**247,972**

Accumulated amortization	Computer Equipment	Furniture	Vehicles	Software	Total
Balance, October 31, 2015	6,074	26,441	80,570	51,447	164,532
Additions	726	-	4,356	3,209	8,291
Balance, October 31, 2016	6,800	26,441	84,926	54,656	172,823
Additions	**401**	**1,181**	**2,412**	**1,777**	5,771
Balance, July 31, 2017	**7,201**	**27,622**	**87,338**	**56,433**	**178,594**

Carrying value	Computer Equipment	Furniture	Vehicles	Software	Total
Balance, October 31, 2015	2,652	-	15,921	11,727	30,300
Balance, October 31, 2016	1,926	-	11,565	8,518	22,009
Balance, July 31, 2017	**5,106**	**19,379**	**38,152**	**6,741**	**69,378**

8. LONG-TERM INVESTMENTS

Long term Investment	**Cost**	**Impairment**	**Accumulated Other comprehensive income adjustment**	**July 31, 2017 estimated fair value**	October 31, 2016 estimated fair value
Crown Mining Corp - common shares	$ 115,500	$(111,375)[(i)]	$ 4,875	**$ 9,000**	$ 6,000

(i) During the year ended October 31, 2014, the Company recorded an impairment charge as the drop in value of the investment was estimated to be other than temporary.

9. EXPLORATION AND EVALUATION PROPERTIES

July 31, 2017	**Acquisition Cost**	**Exploration and Evaluation**	**Option Payments Received**	**Net Book Value**
Frankfield Property (i)	**$ 1,263,575**	**$ 27,475,142**	**$ -**	**$ 28,738,717**
Pipestone Property(iii)	**201,500**	**1,278,087**	**-**	**1,479,587**
Tully Property (ii)	**69,458**	**823,642**	**-**	**893,100**
Whitney Property (iv)	**126,059**	**65,984**	**(77,568)**	**114,475**
	$ 1,660,592	**$ 29,642,855**	**$ (77,568)**	**$ 31,225,879**

October 31, 2016	Acquisition Cost	Exploration and Evaluation	Option Payments Received	Net Book Value
Frankfield Property (i)	$ 1,263,575	$ 17,660,468	$ -	$ 18,924,043
Pipestone Property(iii)	201,500	1,231,193	-	1,432,693
Tully Property (ii)	69,458	822,192	-	891,650
Whitney Property (iv)	126,059	65,984	(77,568)	114,475
	$ 1,660,592	$ 19,779,837	$ (77,568)	$ 21,362,861

(i) Frankfield Property

The Bradshaw Project is located in the Frankfield Property.

In March 2009, Gowest acquired a 100% interest in the Frankfield project in Ontario. In consideration for New Texmont Exploration Ltd’s (“New Texmont”) 50% interest in the Frankfield project, the Company issued 15,000,000 common shares to New Texmont and also granted New Texmont a sliding scale Net Smelter Royalty (the “NSR”).

In December 2015, the Company purchased the NSR from New Texmont with a one-time payment of the issuance of 10,000,000 common shares (estimated grant date fair value of $800,000 based on the quoted market price of the Company’s shares) at a deemed price of $0.10.

In February, 2010, the Company completed an agreement with Goldcorp Canada Ltd. and Goldcorp Inc. (collectively "Goldcorp"), for the purchase of Goldcorp's properties in Tully Township adjacent to the Company's 100% owned Frankfield Project. Consideration for this acquisition included a 2% NSR derived from future production specifically from the Goldcorp leased claims, a 1% NSR derived from future production specifically from the Goldcorp unpatented claims and $100,000 in cash (paid). The Company will maintain an NSR buyout option for both the Goldcorp leased claims and Goldcorp unpatented claims valued at $500,000 for each 0.5% of the desired NSR. Goldcorp may elect not to sell the final 0.5% portion of its NSR.

In December, 2010, the Company completed its acquisition of a 100% interest of the Dowe property in Tully Township, Ontario adjacent to the Company’s 100% owned Frankfield Gold Property. In consideration for this acquisition, the Company paid $16,000 in cash, issued 70,000 common shares (estimated grant date fair value of $18,200 based on the quoted market price of the Company’s shares) of the Company and agreed to a 0.5% NSR at gold prices of less than US$950 per ounce or 0.75% NSR at gold prices equal to or greater than US$950 per ounce. The Company maintains an NSR buyout option valued at $125,000 for each 0.25% of the NSR.

9. EXPLORATION AND EVALUATION PROPERTIES (CONTINUED)

(i) Frankfield Property (Continued)

The Company entered into advanced exploration bulk sample program on the Bradshaw project during the period ended July 31, 2017. During the three and nine month periods ended July 31, 2017, the Company increased its previously placed financial assurance bond by $773,877 for a total of $854,298 with the Ministry of Northern Development and Mines for the Bradshaw project advanced exploration closure plan, which is refundable once certain conditions are met. The bond is included in the long term deposits for the periods ended July 31, 2017 and October 31, 2016.

(ii) Tully Property

The Company owns 100% of certain claim blocks in Tully Township.

(iii) Pipestone Property

On April 26, 2011, the Company entered into an option and joint venture agreement (the "Option Agreement") with Transition Metals Corp. ("TMC") to explore and earn an interest in certain claims in the Porcupine mining district in Ontario (the "Pipestone Property"). The Company completed it's earn in option for a 60% interest in the properties on April 26, 2016. Upon earning the 60% interest, as applicable, a joint venture automatically formed between Gowest and TMC, pursuant to which the companies will continue to explore and develop the Pipestone Property as warranted. Should either party's joint venture interest be diluted below 10%, its interest will be converted to a 2% NSR.

(iv) Whitney Property

The Company has a 100% interest in certain claims in Whitney Township, Ontario.

10. RECLAMATION AND CLOSURE COST OBLIGATIONS

Pursuant to the Bradshaw Project Closure Plan, the Company is obligated to rehabilitate the Bradshaw site. Each period the Company reviews cost estimates and other assumptions used in the valuation of the obligations at each of its mining properties and development properties to reflect events, changes in circumstances and new information available. Changes in these cost estimates and assumptions have a corresponding impact on the fair value of the obligation. The fair values of the obligations are measured by discounting the expected cash flows using a discount factor that reflects the risk-free rate of interest. The Company prepares estimates of the timing and amount of expected cash flows when an obligation is incurred. Expected cash flows are updated to reflect changes in facts and circumstances. The principal factors that can cause expected cash flows to change are: the construction of new processing facilities; obligations realized through additional ore bodies mined; changes in the quantities of material in reserves and a corresponding change in the Life of Mine; changing ore characteristics that impact required environmental protection measures and related costs; changes in water quality that impact the extent of water treatment required; and changes in laws and regulations governing the protection of the environment. The present value of the future estimated obligation is recorded when it is incurred. Assumptions, including an inflation rate of 1.9% and a discount rate of 1.19% have been made which management believes are a reasonable basis upon which to estimate the future liability.

During the period ended July 31, 2017, accretion expense was recorded of $2,750. The present value of the future rehabilitation liability was estimated at $912,750 as at July 31, 2017.

11. LONG TERM DEBT

On December 16, 2016, the Company entered into a definitive Pre-Paid Forward Gold Purchase Agreement (the "Agreement") to finance the development of its Bradshaw project.

Pursuant to the Agreement, the Company may be advanced up to an aggregate of US$17,600,000 (the "Gold Prepayment Amount"), in four tranches over a period of approximately 12 months, as partial consideration for the purchase of up to an aggregate of 65,805 ounces of gold to be produced from Bradshaw. The full funding of the Gold Prepayment Amount is subject to the satisfaction of certain conditions precedent applicable in respect of each tranche, as specified in the Agreement.

The Gold Prepayment Amount will be used to fund development at Bradshaw, as well as for general and administrative costs and the payment of transaction fees and expenses relating to the Agreement.

Over a period of 60 months following the date of each tranche of the Gold Prepayment Amount, Gowest will be obligated to deliver a specified number of ounces of gold in respect of each such tranche; provided, however, no gold shall be deliverable by the Company during the first 27 months following the initial tranche payment date. The Company, on each delivery of gold, will receive an amount per ounce of gold equal to the market price at the time, less a specified discount. During the term of the Agreement, the lender will also participate in the upside of any increase in the price of gold.

The obligations of the Company under the Agreement will be secured by a first lien (subject to permitted liens) over all of the Company's properties and assets, other than certain excluded properties or assets specified in the Agreement.

On February 1, 2017, the Company received payment of the initial tranche in the amount of US$5,600,000 less the costs of issuance of the debt. The Company has recognized CDN$771,440 as deferred financing cost and allocated CDN$259,388 of these costs against the initial tranche and CDN$47,000 of costs allocated to the conversion feature. The remaining costs will be recoginized against the remaining tranches as they are received.

Pursuant to the Agreement, during the 27 month period following the payment of the initial tranche of the Gold Prepayment Amount (the "Conversion Period"), the lender may elect to reduce the amount of gold deliverable by the Company by up to 10,000 ounces in exchange for up to 43,054,838 common shares of the Company (the "Conversion") having an aggregate value equal to US$5,000,000 (or CDN$6,673,500, based on an exchange rate of US$1.00 = CDN$1.3347, being the closing rate of exchange on the date prior to the execution of the Agreement as published by the Bank of Canada). For the purposes of the Conversion, the price per common share has been fixed at CDN$0.155, being the closing price of the common shares on the TSX Venture Exchange on the date prior to the execution of the Agreement.

The Conversion may be exercised during the Conversion Period, in whole or in part, in increments of US$1,000,000 and in exchange for 8,610,967 common shares (corresponding to a reduction in the total quantity of gold deliverable under the Agreement by 2,000 ounces). Following the Conversion, if applicable, the scheduled monthly quantities of gold to be delivered will be reduced on a *pro rata* basis. Further, if at any time during the term of the Agreement the common shares of the Company trade at a price greater than CDN$0.465 per share (being a trading price three (3) times the Conversion price) for a period of twenty (20) consecutive trading days, The lender will be obligated to consummate the Conversion.

The Company has valued the Conversion component on the initial tranche at CDN$1,128,000 and has recorded a deferred tax liability of CDN$299,000.

11. LONG TERM DEBT (CONTINUED)

Balance of long term debt as at July 31, 2017:

	$
Total proceeds tranche 1	7,329,840
Cost of issuance	(771,440)
Deferred financing related to remaining tranches	465,052
Conversion feature - equity	(1,128,000)
Cost of issuance - equity	47,000
Accretion	660,027
Foreign exchange adjustment	(372,586)
Balance as at July 31, 2017	6,229,893

12. SHARE CAPITAL

(a) Authorized capital

The number of authorized common shares is unlimited. 2,000,000 special shares, redeemable, voting, non-participating.

(b) Issued common shares

	No. of shares	Amount
Balance, October 31, 2015	261,307,318	$ 25,285,316
Private placement, option and warrant exercise (ii)(iii)(iv)(v)	12,252,420	1,271,492
Fair value of options and warrants exercised (iii)(iv)(v)	-	81,365
Fair value of warrants issued (ii)	-	(172,717)
Premium on FT shares (ii)	-	(132,605)
Shares issued for royalty buy-back (i)	10,000,000	800,000
Share issue costs	-	(69,798)
Shares issued for compensation	1,312,500	98,438
Balance, October 31, 2016	284,872,238	$ 27,161,491
Private placement (vi)(vii)(viii)	27,321,510	5,490,499
Share issue costs	-	(297,271)
Fair value of compensation warrants issued	-	(12,913)
Share issued on exercise of options	25,000	2,375
Fair value of options exercised	-	2,325
Shares issued for compensation	675,000	135,000
Balance, July 31, 2017	312,893,748	$ 32,481,506

(i) On December 4, 2015, the Company purchased the 1.5% net smelter return royalty held by the SPG Royalties Inc. on the Company's Frankfield Property. As consideration for the purchase, the Company issued 10,000,000 common shares of the Company (estimated grant date fair value of $800,000 based on the quoted market price of the Company's shares).

12. SHARE CAPITAL (CONTINUED)

(ii) On December 22, 2015, the Company completed a private placement for aggregate proceeds of $1,017,742. Pursuant to the offering, the Company issued and sold of 10,177,420 flow-through units of the Company at a price of $0.10 per unit for gross proceeds of $1,017,742. Each unit is comprised of one common share and one-half of one common share purchase warrant with each warrant exercisable at a price of $0.15 per warrant until December 22, 2017. The flow through units were issued at a premium to the market price in recognition of the tax benefits accruing to subscribers. The flow through premium was calculated to be $132,605.

The grant date fair value of $172,717 was assigned to the 5,088,710 warrants issued as part of the offering as estimated by using the Black-Scholes valuation model with the following assumptions: expected dividend yield of 0%, expected volatility 127%; risk-free rate of return 0.52% and an expected life of 2 years.

(iii) On July 11, 2016, 750,000 common shares were issued upon exercise of warrants at an exercise price of $0.15 and 125,000 common shares were issued upon exercise of warrants at an exercise price of $0.11 for gross proceeds of $126,250.

(iv) On August 5, 2016, 750,000 common shares were issued upon exercise of stock options at an exercise price of $0.08 per option for gross proceeds of $60,000.

(v) On September 15, 2016, 450,000 common shares were issued upon exercise of warrants at an exercise price of $0.15 per warrant for gross proceeds of $67,500.

(vi) On November 9, 2016, the Company completed a private placement for aggregate proceeds of $2,510,000. Pursuant to the offering, the Company issued and sold 12,225,000 flow-through common shares of the Company at a price of $0.20 per share and 325,000 non-flow-through common shares of the Company at a price of $0.20 per share.

(vii) On May 18, 2017, the Company completed a private placement for aggregate proceeds of $1,980,500. Pursuant to the offering, the Company issued and sold 10,423,684 flow-through common shares of the Company at a price of $0.19 per share.

(viii) On July 6, 2017, the Company completed a private placement for aggregate proceeds of $999,999. Pursuant to the offering, the Company issued and sold 4,347,826 flow-through common shares of the Company at a price of $0.23 per share. In connection with the offering, the Company paid $60,000 in cash and issued 130,435 non-transferable compensation warrants.

The grant date fair value of $12,913 was assigned to the 130,435 compensation warrants issued as part of the offering as estimated by using the Black-Scholes valuation model with the following assumptions: expected dividend yield of 0%, expected volatility 96.64%; risk-free rate of return 1.13% and an expected life of 2 years.

(ix) On July 25, 2017, the Company issued 675,000 common shares to settle certain director and management compensation of $135,000 at a price of $0.20 per shares.

(c) Stock options

The Company has an incentive stock option plan that allows it to grant options to its employees, directors and consultants. The plan received shareholder re-approval on May 26, 2016. The plan allows the Company to grant options to acquire up to 10% of the issued and outstanding common shares. The plan provides that the exercise price of an option granted under the plan shall not be less than the market price at the time of granting the option. Options have a maximum term of 5 years, vest immediately upon issue, unless otherwise stated and terminate on the 30th day after the optionee ceases to be any of: an employee, director or consultant of the Company.

12. SHARE CAPITAL (CONTINUED)

(c) Stock options (Continued)

The following table reflects the continuity of options as of July 31, 2017:

	Number of options	**Weighted average exercise price ($)**
Balance, October 31, 2015	12,790,000	0.14
Granted (i)	3,100,000	0.095
Exercised	750,000	0.04
Expired	(2,215,000)	0.19
Balance, October 31, 2016	12,925,000	0.11
Granted (ii)	3,250,000	0.16
Exercised	(25,000)	0.04
Forfeited	(250,000)	0.095
Expired	(1,050,000)	0.23
Balance, July 31, 2017	**14,850,000**	**0.11**

(i) On June 21, 2016, the Company granted 3,100,000 options to purchase common shares at a price of $0.095 per share for a period of five years, of which 3,050,000 vested immediately and 50,000 vest over four quarters. The fair value of the 3,100,000 options was estimated to be $288,300 using the Black-Scholes option pricing model with the following assumptions: dividend yield of 0%; expected volatility of 121%; risk-free interest rate of 0.70% and an expected life of 5 years.

(ii) On March 28, 2017, the Company granted 3,250,000 options to purchase common shares at a price of $0.16 per share for a period of five years, of which 3,200,000 vested immediately and 50,000 vest over four quarters. The fair value of the 3,250,000 options was estimated to be $500,500 using the Black-Scholes option pricing model with the following assumptions: dividend yield of 0%; expected volatility of 119%; risk-free interest rate of 1.10% and an expected life of 5 years.

During the nine month period ended July 31, 2017, $498,968 (July 31, 2016 - $286,219) was recorded as share-based payment in the condensed interim statement of loss. The weighted average remaining contractual life of the options outstanding at July 31, 2017 was 2.99 years (October 31, 2016 – 2.83 years).

The following table reflects the options issued and outstanding as of July 31, 2017:

Expiry Date	**Exercise price ($)**	**Number of Options Outstanding**	**Number of Options Exercisable**
January 14, 2018	0.12	200,000	200,000
March 1, 2018	0.12	2,375,000	2,375,000
February 28, 2019	0.08	2,675,000	2,675,000
September 30, 2019	0.085	400,000	400,000
November 7, 2019	0.085	400,000	400,000
June 22, 2020	0.08	2,725,000	2,725,000
June 21, 2021	0.095	2,825,000	2,825,000
March 28, 2022	0.16	3,250,000	3,225,000
		14,850,000	**14,825,000**

12. SHARE CAPITAL (CONTINUED)

(d) Warrants

The following table reflects the continuity of warrants as of July 31, 2017:

	Number of Warrants	**Weighted Average Exercise Price**
Balance, October 31, 2015	6,876,227	0.10
Issued	5,088,710	0.15
Expired	(6,676,227)	0.09
Exercised	(1,325,000)	0.15
Balance, October 31, 2016	3,963,710	0.15
Issued	130,435	0.23
Expired	(75,000)	0.25
Balance, July 31, 2017	**4,019,145**	0.15

The following table reflects the warrants issued and outstanding as of July 31, 2017:

Number Warrants	Exercise Price ($)	Grant Date Fair Value ($)	Expiry Date
3,880,710	0.15	139,265	December 22, 2017
130,435	0.23	12,913	July 6, 2019
4,019,145		152,180	

(e) CONVERTIBLE DEBT

Pursuant to the Agreement, during the 27 month period following the payment of the initial tranche of the Gold Prepayment Amount (the "Conversion Period"), PGB may elect to reduce the amount of gold deliverable by the Company by up to 10,000 ounces in exchange for up to 43,054,838 common shares of the Company (the "Conversion") having an aggregate value equal to US$5,000,000 (or CDN$6,673,500, based on an exchange rate of US$1.00 = CDN$1.3347, being the closing rate of exchange on the date prior to the execution of the Agreement as published by the Bank of Canada). For the purposes of the Conversion, the price per common share has been fixed at CDN$0.155, being the closing price of the common shares on the TSX Venture Exchange on the date prior to the execution of the Agreement.

The Conversion may be exercised by PGB during the Conversion Period, in whole or in part, in increments of US$1,000,000 and in exchange for 8,610,967 common shares (corresponding to a reduction in the total quantity of gold deliverable under the Agreement by 2,000 ounces). Following the Conversion, if applicable, the scheduled monthly quantities of gold to be delivered to PGB pursuant to the Agreement will be reduced on a *pro rata* basis. Further, if at any time during the term of the Agreement the common shares of the Company trade at a price greater than CDN$0.465 per share (being a trading price three (3) times the Conversion price) for a period of twenty (20) consecutive trading days, PGB shall be obligated to consummate the Conversion.

The Company has valued the Conversion component on the initial tranche at CDN$1,128,000 and has recorded a deferred tax liability of CDN$299,000. Transaction costs of CDN$47,000 were allocated to this component resulting in an amount of $782,000 recognized as at July 31, 2017.

13. GENERAL AND ADMINISTRATIVE

		Three Months ended July 31, 2017		Three Months ended July 31, 2016		**Nine Months ended July 31, 2017**		Nine Months ended July 31, 2016
General and administrative	$	**691,343**	$	229,223	$	**1,227,524**	$	687,101
Professional fees		**47,251**		27,735		**71,086**		38,831
Investor relations		**11,600**		17,540		**37,526**		50,084
Shareholder communications		**4,717**		1,372		**16,159**		17,442
Share-based payments		**1,925**		284,819		**498,968**		286,219
Transfer agent and exchange fees		**5,050**		21,573		**54,460**		30,507
Amortization		**5,683**		7,217		**12,861**		10,819
	$	**767,569**	$	589,479	$	**1,918,584**	$	1,121,003

14. RELATED PARTY TRANSACTIONS

The remuneration of directors and key management of the Company for the nine month period ended July 31 is as follows:

	2017	2016
Aggregate cash compensation	**$650,813**	$ 403,050
Share based compensation	**485,500**	189,720

In accordance with IAS 24, key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly, including any directors (executive and non-executive) of the Company. Related parties include the Board of Directors, close family members and enterprises that are controlled by these individuals as well as certain persons performing similar functions.

During the nine month period ended July 31, 2017, officers, directors and insiders subscribed for 1,694,527 units in the private placement for proceeds of $325,000 (July 31, 2016 – 500,000 units for proceeds of $50,000). During the nine month period ended July 31, 2017, $100,000 was paid to a director for services related to the financings of the company; $16,680 was paid to Mr. Wu, a director who provided geological services to the Company (July 31, 2016 - $45,000); $37,800 was paid to Mr. Yuanhui who provided Corporate Development services to the Company (July 31, 2016 - $37,800) and $135,000 of outstanding compensation and director fees were settled by the issuance of 675,000 common shares of the Company. Included in accounts payable and accrued liabilities as at July 31, 2017 was $137,500 (July 31, 2016 - $75,500) owing to directors and management of the Company. These amounts are unsecured, non-interest bearing, and due on demand.

15. COMMITMENTS AND CONTINGENCIES

The Company is party to a management and a consulting contract. The contract contains clauses requiring additional payments of up to $617,000 to be made upon the occurrence of certain events such as a change of control. As a triggering event has not taken place, the contingent payment has not been reflected in these financial statements.

On November 9, 2016, the Company issued a total of $2,445,000 in flow-through shares. As at July 31, 2017, the Company had expended all of the related commitments to these flow-through funds. The Company has indemnified the subscribers of current and previous flow-through share offerings against any tax related amounts that become payable by the shareholder as a result of the Company not meeting its expenditure commitments.

On May 18, 2017 and July 6, 2017, the Company issued a total of $2,980,499 in flow-through shares. As at July 31, 2017, the Company had expended all of the related commitments to these flow-through funds. The Company has indemnified the subscribers of current and previous flow-through share offerings against any tax related amounts that become payable by the shareholder as a result of the Company not meeting its expenditure commitments

15. COMMITMENTS AND CONTINGENCIES (CONTINUED)

The Company is committed to minimum amounts under two operating lease agreements for premises, which expire on July 31, 2018 and November 30, 2023. Minimum commitments remaining under this lease are approximately $335,725, of which $106,000 are due within one year.

The Company is committed to the purchase of equipment for use during the processing of the ore expected to be delivered during the fourth quarter of the year. The total purchase price is US$829,869 with an initial deposit of US$253,691 paid and the outstanding balance to be paid over a 10 month period following delivery of the equipment.

The Company's exploration and evaluation activities are subject to various laws and regulations governing the protection of the environment. These laws and regulations are continually changing and generally becoming more restrictive. The Company has made, and expects to make in the future, expenditures to comply with such laws and regulations.

16. SUBSEQUENT EVENTS

On August 9, 2017, 100,000 common shares were issued subsequent to the exercise of options at a price per share of $0.08 for total value received of $8,000.

On August 18, 2017, 1,800,000 common shares were issued subsequent to the exercise of warrants at a price of $0.15 per warrant for total value received of $270,000.