



**GoldON Resources Ltd.**

(An exploration stage company)

Condensed Interim Financial Statements  
(Unaudited – Prepared by Management)

September 30, 2016

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Notice of No Auditor Review

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## **Notice of No Auditor Review**

The accompanying unaudited condensed interim financial statements were prepared by management and approved by the Audit Committee and the Board of Directors.

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

**GoldON Resources Ltd.**

(An exploration stage company)

**Condensed Interim Statements of Financial Position**

(Unaudited - Prepared by Management)

	September 30 2016	June 30 2016
<b>ASSETS</b>		
<b>Current</b>		
Cash (note 11)	\$ 71,232	\$ 49,230
Accounts receivable	2,264	2,022
Marketable securities (note 5)	-	48,792
Prepaid expenses	4,023	6,034
	77,519	106,078
<b>Reclamation deposits</b> (note 6)	9,151	9,205
<b>Equipment</b>	3,503	3,687
<b>Deposit on exploration and evaluation assets</b>	21,990	16,230
<b>Exploration and evaluation assets</b> (note 7)	728,152	728,152
	\$ 840,315	\$ 863,352
<b>LIABILITIES</b>		
<b>Current</b>		
Accounts payable and accrued liabilities	\$ 32,816	\$ 28,698
Promissory note payable (note 8)	125,000	125,000
	157,816	153,698
<b>SHAREHOLDERS' EQUITY</b>		
<b>Share capital</b> (note 9)	13,580,075	13,575,115
<b>Share-based payment reserve</b>	1,088,155	1,088,155
<b>Deficit</b>	(13,985,731)	(13,953,616)
	682,499	709,654
	\$ 840,315	\$ 863,352

Nature and continuance of operations (note 1)

Subsequent events (note 13)

**Approved on behalf of the board**

"Michael Romanik"  
Michael Romanik

"J. Jeff Smulders"  
J. Jeff Smulders

The accompanying Notes to the Condensed Interim Financial Statements are an integral part of these financial statements

**GoldON Resources Ltd.**

(An exploration stage company)

**Condensed Interim Statements of Comprehensive Income and Loss**

(Unaudited - Prepared by Management)

Three month periods ended September 30

	2016	2015
<b>Expenses</b>		
Consulting	\$ 16,368	\$ 18,939
Depreciation	184	230
Insurance	2,012	2,006
Interest and bank charges	138	168
Management and administration fees (note 10)	12,000	42,600
Office	2,209	1,982
Professional fees	13,172	3,761
Share-based compensation (note 9)	-	78
Site investigation	4,733	-
Telephone	153	118
Transfer agent and filing fees	3,039	1,472
Travel and promotion	95	18,750
<b>Operating loss</b>	<b>(54,103)</b>	<b>(90,104)</b>
<b>Other income (expenses)</b>		
Finance costs	(2,556)	(2,556)
Interest income	-	-
Gain on settlement of debts	124	3,559
Unrealized gain (loss) on marketable securities (note 5)	(36,307)	94,000
Realized gain on marketable securities (note 5)	60,727	3,720
	21,988	98,723
<b>Net and comprehensive income (loss)</b>	<b>\$ (32,115)</b>	<b>\$ 8,619</b>
<b>Income (loss) per share - basic and diluted</b>	<b>\$ (0.00)</b>	<b>\$ 0.00</b>
<b>Weighted average number of shares outstanding</b>	<b>10,013,861</b>	<b>6,776,195</b>

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**GoldON Resources Ltd.**

(An exploration stage company)

**Condensed Interim Statements of Changes in Equity**

(Unaudited - Prepared by Management)

Three month periods ended September 30, 2016 and 2015

	Issued Share Capital		Share-based		Total
	Number	Amount	Payment Reserve	Deficit	
<b>Balances, June 30, 2015</b>	<b>6,764,038</b>	<b>\$ 13,430,597</b>	<b>\$ 901,638</b>	<b>\$ (13,141,717)</b>	<b>\$ 1,190,518</b>
Shares issued in settlement of debt	20,336	1,525	-	-	1,525
Share-based compensation	-	-	78	-	78
Net income	-	-	-	8,619	8,619
<b>Balances, September 30, 2015</b>	<b>6,784,374</b>	<b>13,432,122</b>	<b>901,716</b>	<b>(13,133,098)</b>	<b>1,200,740</b>
Shares issued in settlement of debt	3,175,743	139,593	-	-	139,593
Shares issued for exploration and evaluation assets	40,000	3,400	-	-	3,400
Rounding upon 1:5 share consolidation	(4)	-	-	-	-
Share-based compensation	-	-	186,439	-	186,439
Net loss	-	-	-	(820,518)	(820,518)
<b>Balances, June 30, 2016</b>	<b>10,000,113</b>	<b>13,575,115</b>	<b>1,088,155</b>	<b>(13,953,616)</b>	<b>709,654</b>
Shares issued in settlement of debt	24,800	4,960	-	-	4,960
Net loss	-	-	-	(32,115)	(32,115)
<b>Balances, September 30, 2016</b>	<b>10,024,913</b>	<b>\$ 13,580,075</b>	<b>\$ 1,088,155</b>	<b>\$ (13,985,731)</b>	<b>\$ 682,499</b>

The accompanying Notes to the Condensed Interim Financial Statements are an integral part of these financial statements

**GoldON Resources Ltd.**

(An exploration stage company)

**Condensed Interim Statements of Cash Flows**

(Unaudited - Prepared by Management)

Three month periods ended September 30

	2016	2015
<b>Operating activities</b>		
Net income (loss)	\$ (32,115)	\$ 8,619
Adjustments for items not involving cash:		
Depreciation	184	230
Share-based compensation	-	78
Accrued interest	54	153
Finance costs	2,556	2,556
Gain on settlement of debts	(124)	(3,559)
Unrealized loss (gain) on marketable securities	36,307	(94,000)
Realized gain on marketable securities	(60,727)	(3,720)
	(53,865)	(89,643)
Changes in non-cash working capital:		
Accounts receivable	(242)	(33)
Prepaid expenses	2,011	20,756
Accounts payable and accrued liabilities	6,646	10,532
Due to related parties	-	42,600
	(45,450)	(15,788)
<b>Investing activities</b>		
Proceeds from disposition of marketable securities, net	73,212	23,720
Deposit on exploration and evaluation assets	(5,760)	-
	67,452	23,720
<b>Net change in cash</b>	22,002	7,932
<b>Cash, beginning of period</b>	49,230	56,863
<b>Cash, end of period (note 11)</b>	\$ 71,232	\$ 64,795
<b>Supplemental cash flow information</b>		
Interest received	\$ 54	\$ -
Income taxes paid	-	-

Non-cash transactions (note 12)

The accompanying Notes to the Condensed Interim Financial Statements are an integral part of these financial statements

# GoldON Resources Ltd.

(An exploration stage company)

## Notes to the Condensed Interim Financial Statements

(Unaudited – Prepared by Management)

September 30, 2016 and 2015

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### 1. Nature and Continuance of Operations

The Company was incorporated on June 14, 1977 under the laws of the Province of British Columbia, Canada.

The Company is in the business of exploring its mineral exploration assets and has not yet determined whether these properties contain ore reserves that are economically recoverable. At June 30, 2016, the Company was in the exploration stage and had interests in properties in Ontario, Canada.

Effective November 18, 2015, the Company completed a consolidation of its share capital whereby one new common share was issued for every five old common shares. All common share and commitments to issue common shares information has been restated retroactively throughout these condensed interim financial statements to reflect this share consolidation.

These condensed interim financial statements have been prepared on a going concern basis, which presumes the realization of assets and discharge of liabilities in the normal course of business for the foreseeable future. The ability of the Company to continue as a going concern and the recoverability of the amounts shown for exploration and evaluation assets are dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete the development, and upon future profitable production or proceeds from the disposition thereof.

The Company has sustained losses from operations, and has an ongoing requirement for capital investment to explore its exploration and evaluation assets. As at June 30, 2016, the Company had a working capital deficiency of \$80,297 (June 30, 2016 – \$47,620). Based on its current plans, budgeted expenditures, and cash requirements, the Company does not have sufficient cash to finance its current plans and will need to raise substantial additional capital to accomplish its plans over the next several years. The Company expects to seek additional financing through equity financing. There can be no assurance as to the availability or terms upon which such financing might be available.

These material uncertainties may cast significant doubt upon the Company's ability to continue as a going concern. These condensed interim financial statements do not include any adjustments to the amounts and classification of assets and liabilities that might be necessary should the Company be unable to continue in business.

The address of the Company's office is 108 - 800 Kelly Road, Suite 416, Victoria, British Columbia, V9B 6J9, Canada.

# GoldON Resources Ltd.

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## Notes to the Condensed Interim Financial Statements

(Unaudited – Prepared by Management)

September 30, 2016 and 2015

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### 2. Significant Accounting Policies

#### *Basis of Presentation*

These condensed interim financial statements, including comparatives, comply with IAS 34 – *Interim Financial Reporting*. The policies applied in these condensed interim financial statements are based on IFRS issued and outstanding as of the date the Board of Directors approved these condensed interim financial statements.

These condensed interim financial statements are presented in the Company's functional currency – the Canadian dollar – on a historical cost basis, modified by the revaluation of Fair Value Through Profit and Loss and available-for-sale financial assets.

#### *Financial Instruments*

##### Financial assets

Financial assets are classified into one of the following categories based on the purpose for which the asset was acquired. All transactions related to financial instruments are recorded on a trade date basis. The Company's accounting policy for each category is as follows:

##### Fair value through profit or loss ("FVTPL")

A financial asset is classified as FVTPL if it is classified as held-for-trading or is designated as such upon initial recognition. Financial assets are designated as FVTPL if the Company manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Company's documented risk management or investment strategy. Financial assets designated as FVTPL are measured at fair value, and changes therein are recognized in profit or loss. The Company's marketable securities are classified as FVTPL.

Transaction costs associated with FVTPL financial assets are expensed as incurred, while transaction costs associated with all other financial assets are included in the initial carrying amount of the asset. Regular way purchases of financial assets are accounted for at trade date.

##### Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are classified as current assets or non-current assets based on their maturity date. Loans and receivables are initially recognized at fair value and subsequently carried at amortized cost less any impairment. Loans and receivables comprise cash and reclamation deposits.

## GoldON Resources Ltd.

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### Notes to the Condensed Interim Financial Statements

(Unaudited – Prepared by Management)

September 30, 2016 and 2015

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## 2. Significant Accounting Policies (continued)

### *Financial Instruments (continued)*

#### Financial Assets (continued)

##### Held-to-maturity

Held-to-maturity financial assets are measured at amortized cost. The Company does not have any financial assets classified as held-to-maturity.

##### Available-for-sale financial assets

Available-for-sale (“AFS”) financial assets are non-derivatives that are either designated as available-for-sale or not classified in any other financial asset category. Changes in the fair value of AFS financial assets other than impairment losses are recognized as other comprehensive income (loss) and classified as a component of equity. The Company does not have any AFS financial assets.

##### Impairment of financial assets

The Company assesses at each reporting date whether a financial asset is impaired. If there is objective evidence that an impairment loss on assets carried at amortized cost has been incurred, the amount of the loss is measured as the difference between the financial asset’s carrying amount and the present value of estimated future cash flows discounted at the financial asset’s original effective interest rate. The carrying amount of the financial asset is then reduced by the amount of the impairment. The amount of the loss is recognized in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed to the extent that the carrying value of the financial asset does not exceed what the amortized cost would have been had the impairment not been recognized. Any subsequent reversal of an impairment loss is recognized in profit or loss.

In relation to accounts receivable, a provision for impairment is made and an impairment loss is recognized in profit and loss when there is objective evidence (such as the probability of insolvency or significant financial difficulties of the debtor) that the Company will not be able to collect all of the amounts due under the invoice. The carrying amount of the receivable is reduced through use of an allowance account. Impaired debts are written off against the allowance account when they are assessed as uncollectible.

## GoldON Resources Ltd.

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### Notes to the Condensed Interim Financial Statements

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## 2. Significant Accounting Policies (continued)

### *Financial Instruments (continued)*

#### Financial Assets (continued)

##### Impairment of financial assets (continued)

If an available-for-sale financial asset is impaired, an amount comprising the difference between its cost and its current fair value, less any impairment loss previously recognized in profit or loss, is transferred from accumulated other comprehensive income (loss) to profit or loss. Reversals in respect of equity instruments classified as available-for-sale are not recognized in profit or loss.

#### Financial Liabilities

The Company classifies its financial liabilities in the following categories: other financial liabilities and FVTPL.

##### Other financial liabilities

Financial liabilities classified as other financial liabilities are initially recognized at fair value less directly attributable transaction costs. After initial recognition, other financial liabilities are subsequently measured at amortized cost using the effective interest method. The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period. The Company's accounts payable and accrued liabilities, amounts due to related parties and promissory note payable are classified as other financial liabilities.

##### FVTPL

Financial liabilities classified as FVTPL include financial liabilities held-for-trading and financial liabilities designated upon initial recognition as FVTPL. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Fair value changes on financial liabilities classified as FVTPL are recognized in profit or loss. The Company has not classified any financial liabilities as FVTPL.

### *Cash and Cash Equivalents*

For purposes of reporting cash flows, the Company considers cash and cash equivalents to include amounts held in banks and cashable highly liquid investments with limited interest and credit risk. The remaining maturities at point of purchase are at three months or less, with no penalties on early retirement. The Company places its cash and cash investments with institutions of high creditworthiness.

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### **Notes to the Condensed Interim Financial Statements**

(Unaudited – Prepared by Management)

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## **2. Significant Accounting Policies (continued)**

### *Marketable Securities*

The Company designated its marketable securities as FVTPL and measures them at fair value based on the quoted market price with changes in such value recognized in profit or loss. The quoted market value does not necessarily reflect the net recoverable value of the marketable securities due to the lack of liquidity often found in securities of this nature. There is uncertainty that the future realized value of the marketable securities may not exceed the current carrying cost, such that a write-down of the value would be required, the extent of which is undeterminable at this time.

### *Equipment*

Equipment is carried at cost, less accumulated depreciation and accumulated impairment losses. Cost comprises the fair value of consideration given to acquire or construct an asset and includes the direct charges associated with bringing the asset to the location and condition necessary for putting it into use, along with the future cost of dismantling and removing the asset. Equipment is amortized using the declining-balance method at a rate of 20% per annum.

### *Exploration and Evaluation Assets*

Once the legal right to explore a property has been acquired, costs directly related to exploration and evaluation expenditures are recognized and capitalized, in addition to the acquisition costs. These direct expenditures include such costs as materials used, surveying costs, drilling costs, payments made to contractors, and depreciation on plant and equipment during the exploration phase. Costs not directly attributable to exploration and evaluation activities, including general administrative overhead costs and pre-exploration expenses, are expensed in the period in which they occur.

The Company may occasionally enter into option arrangements, whereby the Company will transfer part of a mineral interest as consideration for an agreement by the transferee to meet certain exploration and evaluation expenditures, which would otherwise be undertaken by the Company. The Company does not record any expenditures made by the optionee on its behalf. Any consideration received from the agreement is credited against the costs previously capitalized to the exploration and evaluation asset given up by the Company, with any excess consideration accounted for as a gain on disposal.

When a project is deemed to no longer have commercially viable prospects to the Company, exploration and evaluation expenditures in respect of that project are deemed to be impaired. As a result, those exploration and evaluation costs, in excess of estimated recoveries, are written off to profit or loss.

## **GoldON Resources Ltd.**

(An exploration stage company)

### **Notes to the Condensed Interim Financial Statements**

(Unaudited – Prepared by Management)

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## **2. Significant Accounting Policies (continued)**

### *Exploration and Evaluation Assets (continued)*

The Company assesses exploration and evaluation assets for impairment at each reporting date and when facts and circumstances suggest that the carrying amount of an asset may exceed its recoverable amount.

Once the technical feasibility and commercial viability of extracting the mineral resource has been determined, the property is considered to be a mine under development and is classified as “mines under construction.” Exploration and evaluation assets are tested for impairment before the assets are transferred to development properties.

As the Company currently has no operational income, any incidental revenues earned in connection with exploration activities are applied as a reduction to capitalized exploration costs.

Mineral exploration and evaluation expenditures are classified as intangible assets. Cash which is subject to contractual restrictions on use is classified separately as reclamation deposits.

### *Decommissioning Provision*

The Company records a liability based on the best estimate of costs for site closure and reclamation activities that the Company is legally or constructively required to remediate and the liability is recognized at the time environmental disturbance occurs. The resulting costs are capitalized to the corresponding asset. The provision for closure and reclamation liabilities is estimated using expected cash flows, based on internal estimates, discounted at a pre-tax rate specific to the liability. The capitalized amount is amortized on the same basis as the related asset. The liability is adjusted for the accretion of the discounted obligation and any changes in the amount or timing of the underlying future cash flows. Significant judgments and estimates are involved in forming expectations of the amounts and timing of future closure and reclamation cash flows.

Changes in closure and reclamation estimates are accounted for as a change in the corresponding capitalized cost.

Costs of reclamation projects for which a provision has been recorded are recorded directly against the provision as incurred, most of which are incurred upon cessation of exploration and evaluation, or at the end of the life of a mine.

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### **Notes to the Condensed Interim Financial Statements**

(Unaudited – Prepared by Management)

September 30, 2016 and 2015

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## **2. Significant Accounting Policies (continued)**

### *Income (Loss) per Share*

The Company uses the treasury stock method of calculating diluted per share amounts whereby any proceeds from the exercise of stock options or other dilutive instruments are assumed to be used to purchase common shares at the average market price during the period. The assumed conversion of outstanding common share options and warrants has an anti-dilutive impact in 2016 and 2015. There were 1,455,400 outstanding options and warrants at September 30, 2016 (June 30, 2016 – 1,455,400) that were not included in the calculation of diluted per share amounts.

Basic income (loss) per share is calculated using the weighted-average number of shares outstanding during the period.

### *Share Capital*

The proceeds from the exercise of stock options and warrants are recorded as share capital in the amount for which the option or warrant enabled the holder to purchase a share in the Company.

Commissions and finders' fees paid to underwriters, agents and finders and other related share issue costs, such as legal, auditing and printing, on the issue of the Company's shares are charged directly to share capital.

The Company has adopted a residual value method with respect to the measurement of shares and warrants issued as private placement units. The residual value method first allocates value to the more easily measurable component based on fair value and then the residual value, if any, to the less easily measurable component.

The fair value of the common shares issued in private placements is determined to be the more easily measurable component and are valued at their fair value, as determined by the closing trade price on the announcement date. The balance, if any, is allocated to attached warrants. Any fair value attributed to the warrants is recorded as share-based payment reserve.

### *Income Taxes*

The Company uses the liability method of accounting for income taxes. Under this method, deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases.

# GoldON Resources Ltd.

(An exploration stage company)

## Notes to the Condensed Interim Financial Statements

(Unaudited – Prepared by Management)

September 30, 2016 and 2015

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### 2. Significant Accounting Policies (continued)

#### *Income Taxes (continued)*

Deferred tax assets and liabilities are measured using substantively enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. Deferred tax assets also result from unused loss carry forwards, resource related pools and other deductions. A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

#### *Borrowing Costs*

Borrowing costs directly attributable to the acquisition, construction or production of assets requiring a substantial period of time to get ready for their intended use or sale are capitalized as part of the cost of that asset. Other borrowing costs are recognized as an expense.

#### *Share-based Compensation*

Where equity-settled share options are awarded to employees, the fair value of the options at the date of grant is charged to profit or loss over the vesting period. Performance vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each reporting date so that, ultimately, the cumulative amount recognized over the vesting period is based on the number of options that eventually vest. Non-vesting conditions and market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether these vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition or where a non-vesting condition is not satisfied.

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to profit or loss over the remaining vesting period.

Where equity instruments are granted to non-employees, they are recorded at the fair value of the goods or services received in profit or loss, unless they are related to the issuance of shares. Amounts related to the issuance of shares are recorded as a reduction of share capital. When the value of goods or services received in exchange for the share-based payment cannot be reliably estimated, the fair value is measured by use of a valuation model. The expected life used in the model is adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

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## Notes to the Condensed Interim Financial Statements

(Unaudited – Prepared by Management)

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### 2. Significant Accounting Policies (continued)

#### *Share-based Compensation (continued)*

All equity-settled share-based payments are reflected in share-based payment reserve, until exercised. Upon exercise, shares are issued from treasury and the amount reflected in share-based payment reserve is credited to share capital, adjusted for any consideration paid.

Where a grant of options is cancelled or settled during the vesting period, excluding forfeitures when vesting conditions are not satisfied, the Company immediately accounts for the cancellation as an acceleration of vesting and recognizes the amount that otherwise would have been recognized for services received over the remainder of the vesting period. Any payment made to the employee on the cancellation is accounted for as the repurchase of an equity interest except to the extent the payment exceeds the fair value of the equity instrument granted, measured at the repurchase date. Any such excess is recognized as an expense.

#### *Significant Accounting Estimates and Judgments*

The preparation of these condensed interim 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 condensed interim financial statements include estimates which, by their nature, are uncertain. The impact 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 years. 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.

#### Critical Accounting Estimates

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the end of the reporting period, that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the carrying value and the recoverability of the exploration and evaluation assets included in the Condensed Interim Statements of Financial Position, the assumptions used to determine the fair value of share-based payments in the Condensed Interim Statements of Comprehensive Income and Loss, and the estimated amounts of reclamation and environmental obligations.

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## Notes to the Condensed Interim Financial Statements

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### 2. Significant Accounting Policies (continued)

#### *Significant Accounting Estimates and Judgments (continued)*

##### Critical Accounting Estimates (continued)

##### Exploration and evaluation expenditures

The application of the Company's accounting policy for exploration and evaluation expenditures requires estimate in determining whether it is likely that future economic benefits will flow to the Company, which may be based on assumptions about future events or circumstances. Estimates and assumptions made may change if new information becomes available. If, after an expenditure is capitalized, information becomes available suggesting that the recovery of the expenditure is unlikely, the amount capitalized is written off to profit or loss in the period the new information becomes available.

##### Share-based payments

The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date on which they are granted. Estimating fair value for the share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model, including the expected life of the share option, volatility and dividend yield, and making assumptions about them. The assumptions and models used for estimating fair value of share-based payment transactions are described in note 9.

##### Reclamation and environmental obligations

Reclamation provisions have been created based on internal estimates. Assumptions, based on the current economic environment, have been made which management believes are a reasonable basis upon which to estimate the future liability. These estimates take into account any material changes to the assumptions that occur when reviewed regularly by management.

Estimates are reviewed at least annually and are based on current regulatory requirements. Significant changes in estimates of contamination, restoration standards and techniques will result in changes to provisions from period to period.

Actual reclamation costs will ultimately depend on future market prices for the reclamation costs, which will reflect the market condition at the time of reclamation costs are actually incurred. The final cost of the currently recognized reclamation provisions may be higher or lower than currently provided for.

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### 2. Significant Accounting Policies (continued)

#### *Significant Accounting Estimates and Judgments (continued)*

##### Critical Accounting Judgments

Critical accounting judgments are accounting policies that have been identified as being complex or involving subjective judgments or assessments. The Company made the following critical accounting judgments:

##### Income taxes

Significant judgment is required in determining the provision for income taxes. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Company recognizes deferred tax assets relating to tax losses carried forward to the extent there are sufficient taxable temporary differences (deferred tax liabilities) relating to the same taxation authority and the same taxable entity against which the unused tax losses can be utilized. However, utilization of the tax losses also depends on the ability of the taxable entity to satisfy certain tests at the time the losses are recouped.

##### Exploration and evaluation assets

Once technical feasibility and commercial viability of an exploration and evaluation asset can be demonstrated, it is reclassified from exploration and evaluation assets and subject to different accounting treatment. As of the financial reporting date, management had determined that no reclassification of exploration and evaluation assets was required.

##### *Flow-Through Shares*

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

Proceeds received from the issuance of flow-through shares are restricted to be used only for Canadian resource property exploration expenditures within a two-year period. The portion of the proceeds received but not yet expended at the end of the period is disclosed separately as bank balances restricted for exploration in note 11.

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## **2. Significant Accounting Policies (continued)**

### *Flow-Through Shares (continued)*

The Company may also be subject to a Part XII.6 tax on flow-through proceeds renounced under the Look-back Rule, in accordance with Government of Canada flow-through regulations. When applicable, this tax is accrued as a financial expense until paid.

### *Impairment of Long-Lived Assets*

Management evaluates non-current assets at each reporting period for indicators that carrying value is impaired and may not be recoverable. When indicators of impairment are present, the recoverable amount of an asset is evaluated at the level of a cash generating unit (CGU), the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets, where the recoverable amount of a CGU is the greater of the CGU's fair value less costs to sell and its value in use. An impairment loss is recognized in profit or loss to the extent that the carrying amount exceeds the recoverable amount.

### *Non-monetary Transactions*

All non-monetary transactions are measured at the fair value of the asset surrendered or the asset received, whichever is more reliable, unless the transaction lacks commercial substance or the fair value cannot be reliably established. The commercial substance requirement is met when the future cash flows are expected to change significantly as a result of the transaction. When the fair value of a non-monetary transaction cannot be reliably measured, it is recorded at the carrying amount (after reduction, when appropriate, for impairment) of the asset given up adjusted by the fair value of any monetary consideration received or given. When the asset received or the consideration given up is shares in an actively traded market, the value of those shares will be considered fair value.

### *New Accounting Policies Not Yet Adopted*

The following standards have been issued but are not yet effective and have not been early adopted by the Company and the Company has yet to assess the full impact:

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### 2. Significant Accounting Policies (continued)

#### *New Accounting Policies Not Yet Adopted (continued)*

##### IFRS 9 – Financial Instruments

This standard introduces new classification and measurement models for financial assets, using a single approach to determine whether a financial asset is measured at amortized cost or fair value. To be classified and measured at amortized cost, assets must satisfy the business model test for managing the financial assets and have certain contractual cash flow characteristics. All other financial instrument assets are to be classified and measured at fair value. This standard allows an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading) in other comprehensive income, with dividends as a return on these investments being recognised in profit or loss. In addition, those equity instruments measured at fair value through other comprehensive income would no longer have to apply any impairment requirements nor would there be any “recycling” of gains or losses through profit or loss on disposal. The accounting for financial liabilities continues to be classified and measured in accordance with IAS 39, with one exception, being that the portion of a change of fair value relating to the entity’s own credit risk is to be presented in other comprehensive income unless it would create an accounting mismatch.

This standard will be effective for the Company for the year commencing July 1, 2018.

##### IFRS 15 – Revenue from Contracts with Customers

The IASB issued IFRS 15, Revenue from Contracts with Customers, which provides a single principle-based framework to be applied to all contracts with customers. IFRS 15 replaces the previous revenue standard IAS 18, Revenue, and the related Interpretations on revenue recognition. The standard scopes out contracts that are considered to be lease contracts, insurance contracts and financial instruments. The new standard is a control-based model as compared to the existing revenue standard which is primarily focused on risks and rewards. Under the new standard, revenue is recognized when a customer obtains control of a good or service. Transfer of control occurs when the customer has the ability to direct the use of and obtain the benefits of the good or service.

This standard will be effective for the Company for the year commencing July 1, 2018.

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#### **3. Capital Management**

The Company manages its capital to continue as a going concern largely through issuances of shares. These share issues depend on several factors, including a positive mineral exploration environment, positive stock market conditions, a company's track record and the experience of management. The capital structure of the Company consists of shareholders' equity, comprising share capital, share-based payment reserve and deficit. The Company is not subject to any external capital requirements.

There were no changes to the Company's approach to capital management during the period ended September 30, 2016.

#### **4. Financial Instruments**

The fair value of the Company's cash, marketable securities, reclamation deposits, accounts payable and accrued liabilities, and promissory note approximate their carrying value due to the short-term nature of these instruments unless otherwise noted. It is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from these financial instruments.

It is not practical to determine the fair value of amounts due to related parties with sufficient reliability due to the nature of the financial instruments.

The Company monitors and manages the risks relating to its financial instruments through analysis of exposures by degree and magnitude of risks. These risks include credit risk, market risk and liquidity risk.

##### *Credit risk*

Credit risk refers to the risk that another entity will default on its contractual obligations resulting in financial loss to the Company. As of September 30, 2016, such contractual obligations comprised cash held with high creditworthy financial institutions in the amount of \$71,232 (June 30, 2016 – \$49,230) and deposits with or pledged to the Province of British Columbia in the amount of \$9,151 (June 30, 2016 – \$9,205). Management considers this risk to be negligible.

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#### 4. Financial Instruments (continued)

##### *Market risk*

Market risk is the risk that the fair value of a financial instrument will fluctuate because of changes in market prices. The Company does not currently hold any financial instruments that mitigate this risk with respect to its cash, which as of September 30, 2016 totaled \$71,232 (June 30, 2016 – \$49,230), nor its marketable securities, which had a fair value at September 30, 2016 of nil (June 30, 2016 – \$48,792).

##### *Liquidity risk*

Liquidity risk refers to the risk that the Company will not be able to meet its financial obligations when they become due, or can only do so at excessive cost. As of September 30, 2016, the Company had a working capital deficiency of \$80,297 (June 30, 2016 – \$47,620). Given the proceeds from the anticipated sale of the Company's Mollie River, Chester Township, and Potier and Neville Townships properties described in note 13, management anticipates that the Company will be able to meet its obligations as they become due.

##### *Fair Value Hierarchy*

Financial instruments recorded at fair value in the Condensed Interim Statements of Financial Position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1 – valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 – valuation techniques based on inputs other than quoted prices included in level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 – valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The fair value hierarchy requires the use of observable market inputs whenever such inputs exist. A financial instrument is classified to the lowest level of the hierarchy for which a significant input has been considered in measuring fair value.

The following tables present the financial instruments recorded at fair value in the statements of financial position, classified using the fair value hierarchy described above:

## GoldON Resources Ltd.

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#### 4. Financial Instruments (continued)

##### *Fair Value Hierarchy (continued)*

Assets as at September 30, 2016	Level 1	Level 2	Level 3
Marketable securities	\$ -	\$ -	\$ -

  

Assets as at June 30, 2016	Level 1	Level 2	Level 3
Marketable securities	\$48,792	\$ -	\$ -

#### 5. Marketable Securities

As at September 30, 2016 and June 30, 2016, the Company held securities in the following public companies:

	First Mining Finance Corp. shares		Total
	Number	Amount	
<b>Balance, June 30, 2016</b>	64,200	\$ 48,792	\$ 48,792
Proceeds from sale	(64,200)	(73,212)	(73,212)
Realized gain	-	60,727	60,727
Unrealized loss	-	(36,307)	(36,307)
<b>Balance, September 30, 2016</b>	-	\$ -	\$ -

	PC Gold Inc. shares		First Mining Finance Corp. shares		Total
	Number	Amount	Number	Amount	
<b>Balance, June 30, 2015</b>	4,000,000	\$ 160,000	-	\$ -	\$ 160,000
Proceeds from sale	(2,000,000)	(159,415)	(450,000)	(202,544)	(361,959)
Share for share exchange	(2,000,000)	(100,000)	514,200	100,000	-
Realized gain	-	59,415	-	115,030	174,445
Unrealized gain	-	40,000	-	36,306	76,306
<b>Balance, June 30, 2016</b>	-	\$ -	64,200	\$ 48,792	\$ 48,792

#### 6. Reclamation Deposits

As of September 30, 2016, bank term deposits totaling \$9,151 (June 30, 2016 – \$9,205) have been posted as reclamation bonds with the Province of British Columbia, Canada. The term deposits bear interest at a weighted average rate of 0.8% per annum (June 30, 2016 – 0.8%). Reclamation deposits are classified as loans and receivables.

## **GoldON Resources Ltd.**

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### **Notes to the Condensed Interim Financial Statements**

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#### **7. Exploration and Evaluation Assets**

##### *Slate Falls*

The Company holds an option to purchase three mineral claims covering approximately 768 hectares located near Slate Falls in northwestern Ontario. To exercise its option, the Company must pay the optionor \$126,000 (of which \$36,000 has been paid) over a five-year period, issue 120,000 shares (all of which were issued with an average value of \$0.17 per share) and grant the optionor a 2% net smelter returns royalty, of which the Company may repurchase half for \$1,000,000.

In June 2015, management determined that the asset was impaired and wrote down the carrying amount to a nominal \$1.

##### *Mollie River*

The Company owns a 100% interest in three mineral claims covering 592 hectares located in Benneweis Township in northwestern Ontario. The Company paid \$15,000 cash, issued 80,000 common shares with a value of \$2.50 per share and granted a 3% net smelter returns royalty to the vendor. The Company may repurchase one-third of the royalty for \$1,000,000.

In September 2016, the Company entered into an agreement to sell the Mollie River property. Accordingly, management wrote down the carrying amount of the property by \$115,617 as of June 30, 2016 to its net recoverable amount.

##### *Chester Township*

The Company owns a 100% interest in one mineral claim covering 29 hectares located in Chester Township in northwestern Ontario. The Company paid \$12,000 cash, issued 16,000 shares with a value of \$3.00 per share and granted a 3% net smelter returns royalty to the vendor. The Company may repurchase one-third of the net smelter returns royalty for \$1,000,000. The Company also paid a finder's fee in respect of the purchase of \$1,200 and 1,600 shares with a value of \$3.00 per share.

In September 2016, the Company entered into an agreement to sell the Chester Township property. Accordingly, management wrote down the carrying amount of the property by \$133,057 as of June 30, 2016 to its net recoverable amount.

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### **Notes to the Condensed Interim Financial Statements**

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#### **7. Exploration and Evaluation Assets (continued)**

##### *Potier and Neville Townships*

The Company owns a 100% interest in 26 mineral claims covering 6,000 hectares located in Potier Township and Neville Township in northwestern Ontario. The Company paid \$60,000 cash, issued 108,000 shares with an average value of \$3.38 per share, and granted a 3% net smelter returns royalty to the vendor. The Company may repurchase one-half of the royalty for \$1,000,000.

In September 2016, the Company entered into an agreement to sell the Potier and Neville Townships property. Accordingly, management wrote down the carrying amount of the property by \$373,518 as of June 30, 2016 to its net recoverable amount.

##### *Paterson Lake*

The Company staked and owns a 100% interest in seven mineral claims covering approximately 1,008 hectares located in the Paterson Lake area of the Kenora Mining District in Northwestern Ontario.

##### *Connell Township*

The Company staked and owns a 100% interest in five mineral claims covering approximately 864 hectares located in Connell Township in Northwestern Ontario.

#### **8. Promissory Note Payable**

The promissory note represents an unsecured loan repayable in February 2017 bearing interest at 8% per annum payable semi-annually. The Company may elect to pay the interest in cash or by the issuance of common shares at a price equal to their 10-day weighted average price, subject to the lender's partially diluted holdings not exceeding 19.9%. The Company may also, at its option, prepay the note in whole or in part at any time, and must apply 20% of the proceeds it receives from future non-flow-through stock offerings to the principal balance until such time as the note is repaid in full. Promissory notes are classified as other financial liabilities and the carrying amount of the note approximates its fair value.

In September 2016, the Company entered into an agreement to sell its Mollie River, Chester Township, and Potier and Neville Townships properties. As described in note 13, the consideration for the anticipated sale includes the cancellation of the promissory note and any accrued interest.

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#### **9. Share Capital**

##### *Authorized*

An unlimited number of common shares without par value

##### *Common Shares*

In August 2015, the Company issued 20,336 common shares with a value of \$0.075 per share in payment of \$5,084 of accumulated interest pursuant to its promissory note.

Effective November 18, 2015, the Company completed a consolidation of its share capital whereby one new common share was issued for every five old common shares. All common share and commitments to issue common shares information has been restated retroactively throughout these condensed interim financial statements to reflect this share consolidation.

In December 2015, the Company issued 2,841,008 common shares with a value of \$0.04 per share in settlement of \$142,051 of debts, including \$100,112 of debts owed to an officer and two directors.

In February 2016, the Company issued 84,735 common shares with a value of \$0.085 per share in payment of \$5,084 of accumulated interest pursuant to its promissory note.

In February 2016, the Company issued 40,000 common shares with a value of \$0.085 per share pursuant to an option to purchase exploration and evaluation assets.

In March 2016, the Company issued 250,000 common shares with a value of \$0.075 per share in settlement of \$16,250 of debts.

In August 2016, the Company issued 24,800 common shares with a value of \$0.20 per share in payment of \$5,084 of accumulated interest pursuant to its promissory note.

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#### 9. Share Capital (continued)

##### *Warrants*

As of September 30, 2016, the Company had outstanding warrants issued pursuant to a private placement, which may be exercised to purchase a total of 455,400 shares (June 30, 2016 – 455,400). The warrants may be exercised at \$0.35 per share until December 19, 2016. Details of warrants outstanding are as follows:

	September 30, 2016		June 30, 2016	
	Number of Warrants	Weighted Average Exercise Price	Number of Warrants	Weighted Average Exercise Price
Balance, beginning of period	455,400	\$0.35	530,400	\$0.35
Issued	-	-	-	-
Expired or cancelled	-	-	(75,000)	(0.25)
Balance, end of period	455,400	\$0.35	455,400	\$0.35

##### *Share-Based Compensation*

The Company adopted, and its shareholders approved, a stock option plan whereby up to a maximum of 10% of the outstanding shares of the Company as of the date of grant are reserved for the grant and issuance of incentive stock options. Under the plan, the exercise price of an option may not be set at less than the minimum price permitted by the TSX Venture Exchange, and the options may be exercisable for a period of up to 10 years. The aggregate number of options granted to any one individual during any twelve-month period may not exceed 5% of the issued shares of the Company, or 2% in the case of consultants and investor relations representatives. Stock options granted to investor relations representatives vest in four equal quarterly amounts on each three-month anniversary following the date of the grant.

As of September 30, 2016, the Company had outstanding stock options, which may be exercised to purchase a total of 1,000,000 shares (June 30, 2016 – 1,000,000). A summary of the Company's stock options as of September 30, 2016 and June 30, 2016, and the changes for the periods ending on those dates are as follows:

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**9. Share Capital (continued)**

*Share-Based Compensation (continued)*

	Options Outstanding			Options Exercisable		
	Number Outstanding	Weighted Average Exercise Price	Weighted Average Remaining Life (Years)	Number Exercisable	Weighted Average Exercise Price	Weighted Average Remaining Life (Years)
<b>Balances, June 30, 2015</b>	439,000	\$ 0.25	3.6	409,000	\$ 0.25	3.8
Options granted	1,000,000	0.15		1,000,000		
Options terminated	(439,000)	(0.25)		(409,000)		
<b>Balances, June 30, 2016</b>	1,000,000	0.15	4.8	1,000,000	0.15	4.8
Options granted	-	-		-		
Options terminated	-	-		-		
<b>Balances, September 30, 2016</b>	1,000,000	\$ 0.15	4.6	1,000,000	\$ 0.15	4.6

**10. Related Party Transactions**

The following transactions with related parties have been valued in these condensed interim financial statements at the exchange amount, which is the amount of consideration established and agreed to by the parties:

*Key Management Compensation*

- During the three-month period ended September 30, 2016, the Company paid management and administration fees of \$7,500 (2015 – \$22,500) to the Company's Chief Executive Officer;
- During the three-month period ended September 30, 2016, the Company paid management and administration fees of \$1,500 (2015 – \$4,500) to the Company's Chief Financial Officer; and
- During the three-month period ended September 30, 2016, the Company paid management and administration fees of \$3,000 (2015 – \$15,600) to the Company's Secretary.

Amounts due to related parties are without interest, unsecured and without stated terms of repayment; accordingly fair value cannot be readily determined.

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#### 11. Cash

Cash consists of bank balances and short-term deposits with banks. Cash included in the Condensed Interim Statements of Cash Flows comprise the following amounts:

	September 30, 2016	September 30, 2015
Bank balances	\$ 71,232	\$ 13,124
Bank balances restricted for exploration	-	51,671
Balance, end of period	\$ 71,232	\$ 64,795

#### 12. Non-Cash Transactions

During the three-month period ended September 30, 2016, the Company issued 24,800 common shares with a fair value of \$4,960 in payment of accumulated interest pursuant to its promissory note.

During the three-month period ended September 30, 2015, the Company issued 101,682 common shares with a fair value of \$1,526 in payment of accumulated interest pursuant to its promissory note.

#### 13. Subsequent Events

In September 2016, the Company entered into an agreement, subject to TSX Venture Exchange acceptance, to sell its Mollie River, Chester Township, and Potier and Neville Townships properties to Trelawney Mining and Exploration Inc. (“Trelawney”). Under the terms of the agreement, the Company will receive \$300,000 cash, forgiveness of the \$125,000 promissory note issued by it to Trelawney and related accrued interest, and assignment of Trelawney’s 1,170,544 shares of the Company. In addition, if a storage facility or pond of any nature is constructed on the properties for the purpose of storage of tailings derived from Trelawney’s Cote Gold Project, Trelawney will pay to the Company an additional \$800,000.

In October 2016, the Company entered into an option to purchase the 26 mineral claims comprising the Rainy River Gold Project. The project covers approximately 5,024 hectares in the Townships of Tait, Potts, Fleming, Senn, Dash Lake and McLarty in northwestern Ontario’s Kenora Mining District. To exercise the option, the Company must pay the optionor \$89,477 (of which \$21,990 has been paid) over four years and 100,000 shares in two stages over one year (of which 50,000 shares were issued subsequent to the period end), and grant the optionor a 2% net smelter returns royalty over the mineral claims. The Issuer may repurchase one-half of the royalty for \$1,000,000.