



AurCrest Gold Inc.
CONDENSED INTERIM FINANCIAL STATEMENTS
For the three and nine months ended September 30, 2016
(Expressed in Canadian Dollars)

Management's responsibility for financial reporting

The accompanying unaudited condensed interim financial statements (the "Financial Statements") of AurCrest Gold Inc. (the "Company" or "AurCrest") are the responsibility of management and the Board of Directors.

The 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 audited financial statements for the year ended December 31, 2015. Where necessary, management has made informed judgments and estimates in accounting for transactions, which were not complete at the balance sheet date. In the opinion of management, the Financial Statements have been prepared within acceptable limits of materiality and are in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

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 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 Financial Statements and (ii) the 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 Financial Statements.

The Board of Directors is responsible for reviewing and approving the 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 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 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 OF NO AUDITOR REVIEW OF CONDENSED INTERIM FINANCIAL STATEMENTS

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

The accompanying Financial Statements of the Company have been prepared by, and are the responsibility of, the Company's management. The Company's independent auditor has not performed a review of these Financial Statements.

November 29, 2016

Per: (signed) "Ian Brodie-Brown"
Name: Ian Brodie-Brown
Title: Chief Executive Officer

Per: (signed) "Errol Farr"
Name: Errol Farr
Title: Chief Financial Officer

AurCrest Gold Inc.

Condensed Interim Statements of Financial Position

(Unaudited)(Expressed in Canadian dollars)

As at	September 30 2016 \$	December 31 2015 \$
ASSETS		
Current		
Cash and cash equivalents	86	5,419
Prepaid expenses	5,107	8,207
Other receivables	11,369	5,299
	16,562	18,925
Non-current		
Exploration and evaluation assets (note 3)	70,450	70,450
Total assets	87,012	89,375
LIABILITIES		
Current		
Trade and other payables	262,273	280,768
Convertible loan (note 4)	51,360	-
Due to officers and directors (note 6)	195,462	121,337
Total current liabilities	507,735	402,105
SHAREHOLDERS' DEFICIENCY		
Common shares, equity component of share-based compensation and warrants (note 5)	18,636,318	18,749,538
Deficit	(19,057,041)	(19,062,268)
Total shareholders' deficiency	(420,723)	(312,730)
Total liabilities and shareholders' deficiency	87,012	89,375

Commitments and contingencies (note 8)

Nature of Operations and Going Concern (note 1)

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

Approved on behalf of the board:

(signed) "Frank van de Water"
Director

(signed) "Ian Brodie-Brown"
Director

AurCrest Gold Inc.

Condensed Interim Statements of Loss and Comprehensive Loss

(Unaudited)(Expressed in Canadian dollars)

	For the three months ended September 30		For the nine months ended September 30	
	2016	2015	2016	2015
	\$	\$	\$	\$
Expenses				
General and administrative (note 7)	63,640	73,658	191,928	198,872
Stock based compensation	-	-	3,375	-
Exploration and project evaluation (note 3)	-	-	683	2,296
Rent expense recovery (note 7)	(4,501)	(1,800)	(16,369)	(14,901)
Write off of trade and other payables	-	-	-	(136,752)
Net (loss) and comprehensive (loss) for the period	(59,139)	(71,858)	(179,617)	(49,515)
Net (loss) per share	(0.00)	(0.00)	(0.00)	(0.00)
Basic weighted average shares outstanding	74,574,191	71,288,008	73,931,334	66,021,659

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

AurCrest Gold Inc.

Condensed Interim Statements of Cash Flows

(Unaudited)(Expressed in Canadian dollars)

For the nine months ended September 30	2016 \$	2015 \$
Operating activities		
Net income (loss) for the period	(179,617)	(49,515)
Items not affecting cash		
Write off of trade and other payables	-	(136,752)
Share-based compensation	3,375	-
Interest on convertible loan	1,360	-
Net change in non-cash working capital balances related to operating activities:		
Prepaid expenses and deposits	3,100	6,322
Other receivables	(6,071)	50,974
Trade and other payables	(19,855)	(23,973)
Due to officers and directors	74,125	92,193
Cash used in operating activities	(123,583)	(60,751)
Financing activities		
Issuance of common shares for cash (net)	68,250	46,500
Convertible loan	50,000	-
Cash provided by financing activities	118,250	46,500
Net (decrease) increase in cash	(5,333)	(14,251)
Cash and cash equivalents, beginning of the period	5,419	17,335
Cash and cash equivalents, end of the period	86	3,084

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

AurCrest Gold Inc.

Condensed Interim Statements of Equity

(Unaudited)(Expressed in Canadian dollars)

	Equity component of						
	Share Capital		Share Based Compensation	Warrants	Sub-total	Deficit	Total
	#	\$	\$	\$	\$	\$	\$
Balance, January 1, 2015	61,838,398	17,886,703	271,869	82,736	18,241,308	(18,962,666)	(721,358)
Common shares issued for debt settlement	9,235,793	461,790	-	-	461,790	-	461,790
Private placement (net)	1,000,000	45,716	-	784	46,500	-	46,500
Warrant expiry	-	-	42,436	(42,436)	-	-	-
Expiry of stock options transferred to deficit	-	-	(38,850)	-	(38,850)	38,850	-
Net loss for the period	-	-	-	-	-	(49,515)	(49,515)
Balance, September 30, 2015	72,074,191	18,394,209	275,455	41,084	18,710,748	(18,973,331)	(262,583)
Private placement (net)	1,000,000	50,000	-	-	50,000	-	50,000
Warrant expiry	-	-	-	(8,370)	(8,370)	8,370	-
Expiry of stock options transferred to deficit	-	-	(2,840)	-	(2,840)	2,840	-
Net loss for the period	-	-	-	-	-	(100,148)	(100,148)
Balance, December 31, 2015	73,074,191	18,444,209	272,615	32,714	18,749,538	(19,062,269)	(312,731)
Private placement (net)	1,500,000	68,250	-	-	68,250	-	68,250
Private placement – compensation warrants	-	(5,605)	-	5,605	-	-	-
Share based compensation	-	-	3,375	-	3,375	-	3,375
Expiry of stock options transferred to deficit	-	-	(184,115)	-	(184,115)	184,115	-
Warrant expiry	-	-	-	(730)	(730)	730	-
Net loss for the period	-	-	-	-	-	(179,617)	(179,617)
Balance, September 30, 2016	74,574,191	18,506,854	91,875	37,589	18,636,318	(19,957,041)	(420,723)

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

AurCrest Gold Inc.

Notes to the Audited Financial Statements

September 30, 2016

(Expressed in Canadian dollars)

1. Nature of operations, basis of presentation and going concern uncertainty

AurCrest Gold Inc. (the “Company” or “AurCrest”) is a publicly held company incorporated under the Ontario Business Corporations Act. The Company is engaged in the investigation, acquisition, exploration and development of exploration and evaluation assets in Ontario, Canada. Substantially all of the efforts of the Company are devoted to these business activities.

The Financial Statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). The Company has presented the Financial Statements for the three and nine month periods ended September 30, 2016 and the comparative figures for the three and nine month periods ended September 30, 2015. The Financial Statements have been prepared by management and approved by the Board of Directors on November 29, 2016.

These Financial Statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. AurCrest is at an early stage of development and as is common with many exploration companies, it raises financing for its exploration and acquisition activities. As at September 30, 2016, the Company had no sources of operating cash flows. The Company will therefore require additional funding which, if not raised, would result in the curtailment of activities and project delays. As at September 30, 2016, AurCrest had a working capital deficit of \$491,173 (a working capital deficit of \$383,180 as at December 31, 2015), and has incurred losses since inception resulting in an accumulated operating deficit of \$19,057,041. The Company's ability to continue as a going concern is uncertain and is dependent upon its ability to continue to raise adequate financing. There can be no assurance that the Company will be successful in this regard, and therefore, there is substantial doubt regarding the Company's ability to continue as a going concern, and accordingly, the use of accounting principles applicable to a going concern. These Financial Statements do not reflect adjustments that would be necessary if the going concern assumption were not appropriate. If the going concern assumption were not appropriate for these Financial Statements, then adjustments to the carrying values of the assets and liabilities, the expenses and the balance sheet classifications, which could be material, would be necessary.

2. Significant accounting policies

These Financial Statements have been prepared in accordance with IFRS as issued by the IASB applicable to the preparation of interim financial statements, including IAS 34, Interim Financial Reporting. The Financial Statements do not include all financial risk management information and disclosures as required in the audited annual financial statements. The Financial Statements should be read in conjunction with the audited annual financial statements for the year ended December 31, 2015, which have been prepared in accordance with IFRS as issued by the IASB. The accounting policies and methods of computation remain the same as presented in the audited annual financial statements for the year ended December 31, 2015.

In the opinion of management, all adjustments considered necessary for fair presentation have been included in these Financial Statements. The interim results for the three and nine month periods ended September 30, 2016, may not be indicative of the results for the year ending December 31, 2016.

Impairment of financial assets

The Company assesses at each date of the statement of financial position whether a financial asset is impaired, and as at September 30, 2016 determined there is no impairment.

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3. Exploration and evaluation assets

Property acquisition cost

	Balance at January 1, 2016 \$	Additions \$	Balance at September 30, 2016 \$
Richardson Lake	60,200	-	60,200
Confederation Lake	10,250	-	10,250
Amount capitalized	70,450	-	70,450

	Balance at January 1, 2015 \$	Additions \$	Balance at December 31, 2015 \$
Richardson Lake	60,200	-	60,200
Confederation Lake	10,250	-	10,250
Amount capitalized	70,450	-	70,450

Exploration & project evaluation

	Cumulative expenditures as at January 1, 2016 \$	Expenditures for the nine months ended September 30, 2016 \$	Cumulative expenditures as at September 30, 2016 \$
Richardson Lake	2,199,053	-	2,199,053
Confederation Lake	10,435,071	-	10,435,071
Other	4,340,636	683	4,341,319
Amount expensed	16,974,760	683	16,975,443

	Cumulative expenditures as at January 1, 2015 \$	Expenditures For the year ended December 31, 2015 \$	Cumulative expenditures as at December 31, 2015 \$
Richardson Lake	2,186,757	12,296	2,199,053
Confederation Lake	10,435,071	-	10,435,071
Other	4,330,636	10,000	4,340,636
Amount expensed	16,952,464	22,296	16,974,760

"Other" includes exploration expenditures on projects with minor activity during the period and includes the Bridget Lake, McFaulds Lake and the Fredart Lake properties, all of which are in Northern Ontario.

Note: As disclosed in the Company's significant accounting policies (Note 2) exploration and project evaluation expenditure have been reflected in the statement of loss and comprehensive loss.

Richardson Lake

Richardson Lake is a gold exploration prospect located in the Birch-Uchi belt of the Red Lake mining division and originally consisted of 6 claims optioned 100% from Perry English. The Company has staked and currently holds an additional 16 claims contiguous to the original claims. The total area of the Richardson Lake property is now approximately 9,500 acres. The original 6 claims plus an area of influence around these claims are subject to the Company's obligation to pay a NSR royalty of 2%.

Confederation Lake

The Confederation Lake properties comprise 8 claim groups covering approximately 29,000 acres. These properties are base metal and gold prospects situated in the Red Lake Mining Division, Northwestern

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Ontario. On February 12, 2002 the Company entered into an option agreement to acquire from GlencoreXstrata a 100% interest in a group of exploration and evaluation assets collectively known as the Confederation Lake properties. In order to earn the 100% interest in the properties, the Company was required to have incurred a minimum \$3,500,000 in exploration and development expenditures.

The Company met all criteria to earn its 100% interest subject to its agreement to pay to GlencoreXstrata a 2.0% NSR royalty and other underlying royalties on certain properties. There is also a back-in option whereby GlencoreXstrata has a right to reacquire a 50% interest in any area where a deposit is identified (the "Project Area") after the delivery by the Company to GlencoreXstrata of an independent scoping study confirming the existence of a deposit of at least 8 million tonnes of massive sulphide or one million ounces of gold within the Project Area. In order to exercise the back-in right, GlencoreXstrata must expend 150% of the Company's cumulative expenditures on the Project Area to the exercise date. The Company has spent approximately \$10 million to date. In addition, the Company is required to make one-time payments to GlencoreXstrata of \$500,000 upon the submission of the first such independent scoping study with respect to which GlencoreXstrata does not exercise its back-in option and a further \$1,500,000 upon the commencement of commercial production from the subject Project Area.

Bridget Lake

The Bridget Lake property comprises 9 claim units covering approximately 356 acres and is situated in Ball Township, Red Lake Mining Division, Northwestern Ontario. On September 16, 2008 (the "effective date"), the Company signed an option agreement with Sendero Mining Corp. ("Sendero", formerly Halo Resources Ltd.), under which Sendero earned a 65% interest in the property. Sendero also agreed to make the \$10,000 annual pre-royalty payment required to keep the property in good standing. Sendero has met all of these obligations.

4. Convertible loan

On June 22, 2016 the Company completed a convertible loan financing of \$50,000 (the "Loan"). The Loan is repayable on June 22, 2017, with interest payable 10% per annum. The Loan is convertible at the rate of one (1) common share for each \$0.05 of loan converted. 1,000,000 detachable warrants ("Detachable Warrants") were also issued to the lender. Each Detachable Warrant entitles the holder to acquire an additional common share exercisable at a price of \$0.05 per Detachable Warrant until June 22, 2017. The securities issued are subject to a hold period expiring on October 23, 2016.

A cash commission of \$2,000 and 40,000 broker warrants ("Broker Warrants") were paid to a finder with respect to the closing of the Loan. Each Broker Warrant entitles the holder to acquire a common share of the Company at a price of \$0.05 until June 22, 2017.

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Notes to the Audited Financial Statements

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5. Shareholders' equity

The Company is authorized to issue an unlimited number of common shares and an unlimited number of preference shares. As at September 30, 2016, the Company had no preference shares issued and outstanding.

Share capital

Share capital comprises the following:

	Number of shares	Amount \$
Balance, January 1, 2015	61,838,398	17,886,703
Private placement	2,000,000	100,000
Share issue expense	-	(4,284)
Shares issued for debt settlement	9,235,793	461,790
Balance, December 31, 2015	73,074,191	18,444,209
Private placement	1,500,000	75,000
Share issue expense	-	(6,750)
Share issue expense – compensation warrants	-	(5,605)
Balance, September 30, 2016	74,574,191	18,506,854

On June 1, 2015 the Company entered into agreements to settle an aggregate of \$429,546 of debt owed to certain insiders of the Company and other parties (including former insiders) in consideration for the issuance of 8,590,914 common shares of the Company at a deemed price of \$0.05 per share.

On July 13, 2015, the Company completed a sale of 1,000,000 working capital units priced at \$0.05 per unit for proceeds of \$50,000. Each unit consists of one common share and one common share purchase warrant with each warrant entitling the holder to acquire a further common share at a price of \$0.05 until July 13, 2020. The Company paid a cash commission of \$3,500 and issued 80,000 brokers warrants. Each broker warrant entitles the holder to acquire a working capital unit, at a price of \$0.05 per unit until July 13, 2020. Each unit consists of one common share and one common share purchase warrant with each warrant entitling the holder to acquire a further common share at a price of \$0.05 until July 13, 2020.

On August 31, 2015 the Company entered into an agreement to settle \$32,244 of trade payables in consideration for the issuance of 644,879 working capital units of the Company at a deemed price of \$0.05 per unit. Each unit consists of one common share and one common share purchase warrant with each warrant entitling the holder to acquire a further common share at a price of \$0.05 until August 31, 2020.

On November 30, 2015, the Company completed a sale of 1,000,000 working capital units priced at \$0.05 per unit for proceeds of \$50,000. Each unit consists of one common share and one common share purchase warrant with each warrant entitling the holder to acquire a further common share at a price of \$0.05 until November 30, 2020.

On April 27, 2016 the Company completed a sale of 1,500,000 WC Units for gross proceeds of \$75,000. A cash commission of \$6,750 and 150,000 broker warrants were paid to the agent with respect to the closing of the Offering. The securities issued are subject to a hold period expiring on August 28, 2016

Stock options

As at September 30, 2016, 2,520,000 common shares were reserved for the exercise of common stock options ("options") granted to directors, officers, employees and service providers in connection with the Company's stock option plan (the "Plan"). All common stock options issued to date under the Plan are fully vested.

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On March 16, 2016, the Company granted 750,000 common share stock options to a consultant which vest as follows: 250,000 upon grant date, an additional 250,000 on March 16, 2017 and an additional 250,000 on March 16, 2018. The options are exercisable until March 19, 2019 and have a Black-Scholes valuation of \$0.05 per option calculated using a risk free rate of 0.54% and an annualized weekly volatility of 179%.

On July 18, 2016, 1,150,000 common stock options with an exercise price of \$0.20 expired unexercised.

The following summary sets out the activity in the Plan:

	Options #	Weighted average exercise price \$
Outstanding, January 1, 2015	3,520,000	0.15
Expired	(200,000)	0.30
Expired	(100,000)	0.10
Expired	(100,000)	0.20
Expired	(200,000)	0.10
Outstanding and exercisable, December 31, 2015	2,920,000	0.14
Granted	750,000	0.05
Expired	(1,150,000)	0.20
Outstanding, September 30, 2016	2,520,000	0.09
Exercisable, September 30, 2016	2,020,000	0.09

The following table sets out the details of the common stock options granted and outstanding as at September 30, 2016:

Number of stock options	Number exercisable	Remaining contractual life	Exercise price per share	Expiry date
750,000	250,000	2.47 years	\$0.05	March 19, 2019
1,770,000	1,770,000	2.88 years	\$0.10	August 13, 2019
2,520,000	2,020,000			

The weighted average exercise price of the options outstanding at September 30, 2016 is \$0.09 per option.

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Warrants

Certain issuances of common shares include warrants entitling the holder to acquire additional common shares of the Company. A summary of the warrant activity is as follows:

	Warrants #	Weighted average exercise price \$
Outstanding, January 1, 2015	20,264,201	0.10
Expired	(3,178,950)	0.26
Issued – private placement	2,000,000	0.05
Issued – compensation units	80,000	0.05
Issued – compensation warrants	80,000	0.05
Issued – debt settlement	644,879	0.05
Outstanding, December 31, 2015	19,890,130	0.06
Expired	(100,000)	0.25
Issued – private placement	1,500,000	0.05
Issued – convertible loan	2,000,000	0.05
Issued – compensation units	150,000	0.05
Issued – compensation warrants	150,000	0.05
Issued – compensation units	40,000	0.05
Outstanding, September 30, 2016	23,630,130	0.06

On February 11, 2015, 78,950 warrants, with an exercise price of \$0.60, expired unexercised.

On December 21, 2015, 3,100,000 warrants, with an exercise price of \$0.25, expired unexercised.

On January 21, 2016, 100,000 warrants, with an exercise price of \$0.25, expired unexercised.

The composition of the outstanding warrants as at September 30, 2016 consists of the following:

	Expiry date	Number	Exercise Price
Warrants	August 19 2017	2,836,618	\$0.120
Warrants	April 25, 2019	2,600,000	\$0.050
Warrants	May 26 2019	500,000	\$0.050
Warrants	July 7, 2019	4,240,000	\$0.055
Warrants	August 5, 2019	200,000	\$0.055
Warrants	August 11, 2019	500,000	\$0.055
Warrants	August 15, 2019	1,060,000	\$0.055
Warrants	October 14, 2019	666,785	\$0.050
Warrants	October 23, 2019	450,000	\$0.055
Warrants	November 13, 2019	451,848	\$0.055
Warrants	November 14, 2019	2,600,000	\$0.055
Warrants	November 14, 2019	100,000	\$0.055
Warrants	July 13, 2020	1,000,000	\$0.050
Warrants	August 31, 2020	644,879	\$0.050
Warrants	November 30, 2020	1,000,000	\$0.050
Warrants	April 27, 2021	1,500,000	\$0.050
Warrants	June 22, 2017	1,000,000	\$0.050
Warrants – compensation options	November 14, 2016	520,000	\$0.050
Warrants – compensation warrants	November 14, 2019	260,000	\$0.055
Warrants – compensation units	July 13, 2020	80,000	\$0.050

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Warrants – compensation warrants	July 13, 2020	80,000	\$0.050
Warrants – compensation units	April 27, 2021	150,000	\$0.050
Warrants – compensation warrants	April 27, 2021	150,000	\$0.050
Warrants – compensation units	June 22, 2017	40,000	\$0.050
		23,630,130	

6. Related party transactions

Compensation of key management and directors

Key management compensation expenses includes the Chief Executive Officer, the Executive Vice-President, the Chief Financial Officer and the Vice-President, Shareholder Relations (on leave as of June 1, 2014). Share-based compensation includes key management and directors.

For the three month period ended September 30	2016	2015
	\$	\$
Management fees	28,900	22,500
Legal services provided by a law firm related to William Johnstone	8,100	20,462
	37,000	42,962

For the nine month period ended September 30	2016	2015
	\$	\$
Management fees	73,900	32,500
Legal fees provided by a law firm related to William Johnstone	28,382	55,376
	102,282	87,876

Balances owing as at	September 30	December 31
	2016	2015
	\$	\$
Legal services provided by a law firm related to William Johnstone	122,062	68,406
Management fees	58,900	24,300
Directors loans	14,500	14,500
	195,462	107,206

These amounts were expensed in the period incurred as administrative and general expenses. The amounts paid and owing are measured at the exchange amount, are non-interest bearing and due on demand.

On June 1, 2015 the Company entered into agreements to settle an aggregate of \$429,546 of debt owed to certain insiders of the Company and other parties (including former insiders) in consideration for the issuance of 8,590,914 common shares of the Company at a deemed price of \$0.05 per share. Certain insiders and former insiders have released the Company from debts totaling \$47,258 for no consideration. The debt settlement settles an aggregate of \$476,803 of current liabilities of the Company.

In May, 2015, directors of the Company loaned the Company working capital in the amount of \$14,500. The loans are in the form of demand promissory notes bearing interest at 10% per annum.

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7. General and administrative expenses

For the three month period ended September 30	2016 \$	2015 \$
Consulting and management fees	24,000	25,500
Office rent	13,560	13,560
Professional fees (legal & audit)	13,100	29,504
Shareholder communications, advertising and promotion	6,780	1,577
Regulatory and filing fees	4,744	1,690
Interest on convertible loan	1,250	-
Office costs	206	827
Travel	-	-
Insurance	-	1,000
	63,640	73,658

For the nine month period ended September 30	2016 \$	2015 \$
Consulting and management fees	72,003	40,000
Professional fees (legal & audit)	47,797	74,418
Office rent	40,010	39,409
Regulatory and filing fees	14,762	17,164
Shareholder communications, advertising and promotion	10,050	10,889
Office costs	3,432	5,763
Travel	2,514	5,909
Interest on convertible loan	1,360	-
Insurance	-	5,320
	191,928	198,872

8. Commitments and contingencies

The Company has one contractual lease obligation related to its corporate premises that requires a minimum total lease payment for basic rent of \$22,370 until July, 2017. The following table illustrates the remaining yearly minimum lease payments:

	\$
2016	6,711
2017	15,659
	22,370

In accordance with an exploration agreement signed on February 4, 2010, the Company is committed to contribute 1.5% of all funds expended by the Company on its mining claims in the proximity of McFaulds Lake, Lower James Bay region of Ontario, as a contribution to a Community Sustainability Fund.

9. Capital management

The mineral properties of the Company are in the exploration and development stage and, as a result, the Company currently has no source of operating cash flow. The Company intends to raise such funds as and when required to complete its projects. There is no assurance that the Company will be able to raise additional funds on reasonable terms. The only sources of future funds presently available to the Company are through the issuance of share of debt instruments. The ability of the Company to arrange such financing in the future will depend in part upon the prevailing capital market conditions as well as the business performance of the Company. There can be no assurance that the Company will be successful in its efforts to arrange additional financing, if needed.

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(Expressed in Canadian dollars)

The Company is not subject to any capital requirements imposed by a lending institution or regulatory body, other than of the TSX Venture Exchange ("TSXV") which 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. As of June 30, 2016, the Company may not be compliant with the policies of the TSXV. The impact of this violation is not known and is ultimately dependent on the discretion of the TSXV.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There were no changes in the Company's approach to capital management during the years.

10. Subsequent events

On October 28, 2016, the Company executed an option agreement with Pistol Bay Mining Inc. ("Pistol Bay") for all the Company's mining claims (the "Claims") in the Confederation Lake greenstone belt southeast of Red Lake, Ontario. Pistol Bay has the option to acquire a 100% interest in the Claims by paying AurCrest an aggregate of \$250,000 and issuing an aggregate of 5 million common shares over four years with an initial payment of \$25,000 and the issuance of 1 million common shares on closing, the payment of a further \$25,000 within 90 days following closing and the payment of \$50,000 and the issuance of 1 million common shares on each of the four anniversaries following closing. Each of the Claims is subject to a 2% net smelter returns royalty in favour of third parties.

On November 14, 2016, 520,000 compensation options with an exercise price of \$0.05 expired unexercised.

AurCrest Gold Inc.

Notes to the Audited Financial Statements

September 30, 2016

(Expressed in Canadian dollars)

Corporate Information

Officers

Ian Brodie-Brown - President, Chief Executive Officer
Chris Angeconeb - Executive Vice-President
Peter Brodie-Brown - Vice-President, Shareholder Relations
Errol Farr - Chief Financial Officer
William R. Johnstone - Corporate Secretary

Directors

Ian Brodie-Brown
William R. Johnstone
Richard Nemis
Frank van de Water
Chris Angeconeb

Legal Counsel

Gardiner Roberts LLP
Toronto, Ontario

Auditors

Wasserman Ramsay
Markham, Ontario

Transfer Agent

TSX Trust Company
Toronto, Ontario

Exchange Listing

TSX Venture Exchange

Trading Symbol

AGO

Address

67 Yonge Street, Suite 808
Toronto, Ontario, Canada
M5E 1J8
Tel: (416) 368-2929
Fax: (416) 601-1450
Email: info@aurcrestgold.com