

Battle Mountain Gold Inc.

Condensed Consolidated Interim Financial Statements

Three months ended January 31, 2016

Expressed in Canadian Dollars

(Unaudited – Prepared by Management)

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

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

The accompanying unaudited condensed consolidated interim financial statements of Battle Mountain Gold Inc. (the "Company") have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these interim financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

BATTLE MOUNTAIN GOLD INC.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian Dollars, unless otherwise stated)
As at

	January 31, 2016	October 31, 2015
ASSETS		
Current Assets		
Cash	\$ 46,634	\$ 96,529
Marketable securities	578	578
Prepays	19,110	24,017
Receivables (Note 3)	<u>1,342</u>	<u>12,220</u>
Total current assets	<u>67,664</u>	<u>133,344</u>
Non-Current Assets		
Exploration and evaluation assets (Note 4)	<u>3,459,057</u>	<u>3,329,753</u>
Total Assets	<u>\$ 3,526,721</u>	<u>\$ 3,463,097</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities		
Trade and other payables (Note 5)	\$ 145,513	\$ 101,685
Loans payable (Note 7)	<u>110,922</u>	<u>-</u>
Total current liabilities	<u>256,435</u>	<u>101,685</u>
Shareholders' Equity		
Share capital (Note 6)	4,400,474	4,400,474
Share-based payment reserves (Note 6)	417,485	417,485
Warrants (Note 6)	-	-
Accumulated other comprehensive income	1,095	1,979
Deficit	<u>(1,548,768)</u>	<u>(1,458,526)</u>
Total shareholders' equity	<u>3,270,286</u>	<u>3,361,412</u>
Total Liabilities and Shareholders' Equity	<u>\$ 3,526,721</u>	<u>\$ 3,463,097</u>

Nature of business and continuance of operations (Note 1)
Subsequent events (Note 9)

These condensed consolidated interim financial statements are authorized for issue by the Board of Directors on
March 23, 2016

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

BATTLE MOUNTAIN GOLD INC.**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF COMPREHENSIVE LOSS**

For the three months ended January 31, 2016 and 2015

(Expressed in Canadian Dollars, unless otherwise stated)

	Three months ended January 31, 2016	Three months ended January 31, 2015
EXPENSES		
Accounting and audit	\$ 13,995	\$ 16,006
Consulting	29,281	-
Filing fees	4,583	5,738
Insurance	4,732	4,344
Interest	922	1,644
Legal fees	185	11,491
Office and rent	4,263	7,284
Public relations	2,356	1,224
Salaries and benefits	31,096	31,805
Travel	-	4,317
	(91,413)	(83,853)
OTHER INCOME (EXPENSES)		
Foreign exchange gain / (loss)	1,171	(2,134)
Loss for the period	\$ (90,242)	\$ (85,987)
Other comprehensive loss		
Effect of exchange rate fluctuation	(884)	-
Unrealized loss on marketable securities	-	(867)
Total comprehensive loss	\$ (91,126)	\$ (86,854)
Basic and diluted loss per common share	\$ (0.00)	\$ (0.00)
Weighted average number of common shares outstanding	36,189,096	27,796,505

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

BATTLE MOUNTAIN GOLD INC.**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY**

For the three months ended January 31, 2016 and 2015

(Expressed in Canadian Dollars, unless otherwise stated)

	Share Capital					Accumulated other		
	Number of Shares	Amount	Warrants	Share-based payment reserves	comprehensive income (loss)	Deficit	Total	
Balance at October 31, 2014	26,461,386	\$ 3,262,874	\$ 13,700	\$ 301,011	\$ 3,135	\$ (909,274)	2,671,446	
Shares issued for exploration and evaluation assets	-	-	-	-	-	-	-	
Shares issued for cash	2,575,000	257,500	-	-	-	-	257,500	
Share issue costs	-	(2,400)	-	-	-	-	(2,400)	
Share issued as finders' fee	109,500							
Loss for the year	-	-	-	-	-	(85,987)	(85,987)	
Other comprehensive loss for the period	-	-	-	-	(867)	-	(867)	
Balance at January 31, 2015	29,145,886	3,517,974	13,700	301,011	2,268	(995,261)	2,839,692	
Balance at October 31, 2015	36,189,086	\$ 4,400,474	\$ -	\$ 417,485	\$ 1,979	\$ (1,458,526)	\$ 3,361,412	
Loss for the year	-	-	-	-	-	(90,242)	(90,242)	
Other comprehensive loss for the period	-	-	-	-	(884)	-	(884)	
Balance at January 31, 2016	36,189,086	\$ 4,400,474	\$ -	\$ 417,485	\$ 1,095	\$ (1,548,768)	\$ 3,270,286	

BATTLE MOUNTAIN GOLD INC.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS
For the three months ended January 31, 2016 and 2015
(Expressed in Canadian Dollars, unless otherwise stated)

	Three months ended January 31, 2016	Three months ended January 31, 2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the period	\$ (90,242)	\$ (85,987)
Items not affecting cash:		
Interest expense	922	1,644
Changes in non-cash working capital items:		
Prepays and receivables	15,785	14,446
Trade and other payables	51,286	(2,838)
Net cash used in operating activities	(22,249)	(72,735)
CASH FLOWS FROM INVESTING ACTIVITIES		
Exploration and evaluation assets	(136,762)	(168,049)
Net cash used in investing activities	(136,762)	(168,049)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from share issuance	-	257,500
Share issuance costs	-	(2,400)
Loans received	110,000	-
Net cash from financing activities	110,000	255,100
Effect of exchange rate fluctuation	(884)	-
Change in cash	(49,895)	14,316
Cash, beginning of period	96,529	85,303
Cash, end of period	\$ 46,634	\$ 99,619
Cash paid for interest	\$ -	\$ -
Cash paid for tax	\$ -	\$ -
Non-cash investing and financing activities		
Exploration and evaluation assets incurred through accounts payable and accruals	\$ 23,656	\$ 2,566
Shares issued as finder's fees	\$ -	\$ 10,950
Unrealized loss on marketable securities through AOCI	\$ -	\$ 867

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

BATTLE MOUNTAIN GOLD INC.

Notes to the Condensed Consolidated Interim Financial Statements

(Expressed in Canadian Dollars)

For the Three Months Ended January 31, 2016 and 2015

1. NATURE OF BUSINESS AND CONTINUANCE OF OPERATIONS

Battle Mountain Gold Inc. (the "Company" or "BMG") was incorporated under the laws of the Province of British Columbia, Canada on April 2, 2012, and its principal business activity is the exploration of mineral properties. The Company's corporate office is located at 300 – 1055 West Hastings Street, Vancouver, British Columbia.

These condensed consolidated interim financial statements are 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. The continuing operations of the Company are dependent upon obtaining necessary financing to meet the Company's commitments as they come due and to fund future exploration and development of economically recoverable reserves or potential business acquisitions, securing and maintaining title and beneficial interest in the properties and attaining future profitable production. At January 31, 2016 the Company had cash of \$46,634 and negative working capital of \$188,771. Management regards the Company's cash as insufficient to sustain the Company's operations beyond the fiscal second quarter end April 30, 2016. This casts significant doubt on the Company's ability to continue as a going concern. Failure to continue as a going concern would require that assets and liabilities be recorded at their liquidation values, which might differ significantly from their carrying values. Management is of the opinion that working capital can be obtained through the issuance of additional common shares such as by way of private placement financings, or through obtaining loans from certain shareholders, sufficient to meet the Company's other liabilities and commitments as they come due, but this opinion is subject to considerable uncertainty.

Although these condensed consolidated interim financial statements have been prepared using International Financial Reporting Standards ("IFRS") applicable to a going concern, the above noted conditions raise significant doubt regarding the Company's ability to continue as a going concern. These condensed consolidated 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. These adjustments could be material.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of Compliance

The condensed consolidated interim financial statements have been prepared in accordance with IFRS as issued by the International Accounting Standards Board ("IASB") and interpretations of the IFRS Interpretations Committee ("IFRIC") applicable to the preparation of interim financial statements, including International Accounting Standard ("IAS") 34, "Interim Financial Reporting. The condensed consolidated interim financial statements have been prepared on the basis of accounting policies and methods of computation consistent with those applied in and should be read in conjunction with the annual financial statements for the year ended October 31, 2015, which have been prepared in accordance with IFRS as issued by the IASB.

(b) Basis of Preparation

These condensed consolidated interim financial statements have been prepared on a historical cost basis, except for financial instruments classified as financial assets at fair value through profit or loss, and available-for-sale shares or assets which are stated at their fair value. In addition these condensed consolidated interim financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

(c) Basis of Consolidation

These condensed consolidated interim financial statements include the accounts of the Company and its wholly owned subsidiary Battle Mountain Gold (USA), Inc. and of the former Madison Minerals Inc. and its wholly owned subsidiaries, Madison Enterprises (Nevada) Inc., a U.S. corporation, and Madison Enterprises (BVI) Inc., an inactive British Virgin Islands corporation.

BATTLE MOUNTAIN GOLD INC.

Notes to the Condensed Consolidated Interim Financial Statements

(Expressed in Canadian Dollars)

For the Three Months Ended January 31, 2016 and 2015

3. RECEIVABLES

	January 31, 2016	October 31, 2015
Goods and services tax recoverable	\$ 776	\$ 1,445
Other receivables	566	10,775
Receivables	\$ 1,342	\$ 12,220

4. EXPLORATION AND EVALUATION ASSETS**(a) Lewis Gold Project****(i) Interest of the Company**

The Company entered into an option agreement dated March 13, 2013, amended October 23, 2013, March 10, 2014 and March 23, 2015, with NRC for an exclusive option to acquire NRC's 40% right, title and interest in a joint venture which holds mining claims located in Battle Mountain Mining District in Lander County, Nevada, USA (the "Lewis Gold Project").

On March 23, 2015 the Company amended the terms of exercising the option on a 40% interest in the Lewis Gold Project set out herein as follows: 1) by extending the due date of the final payment of \$1,600,000 by 18 months to April 13, 2017; 2) by issuing 500,000 of the Company's common shares with a total fair value of \$62,500 on or before March 31, 2015 ; and 3) issuing a further 500,000 of the Company's common shares on or before October 31, 2015 with a total fair value of \$70,000 of which \$50,000 has been credited to the payment due on or before April 13, 2017 per the amended terms.

To exercise this option, the Company must make cash payments and issue Common Shares to NRC pursuant to the amended agreements as follows:

Date	Cash Payments	Common Share Issuances
Issued on the date of Option Agreement	\$50,000 (paid)	2,000,000 Common Shares (issued)
September 13, 2013	\$50,000 (paid)	
March 31, 2015		500,000 common shares (issued)
October 31, 2015		500,000 common shares (issued)
April 13, 2017	\$1,550,000 *	

* At the sole discretion and option of the Company, payment of \$1,550,000 may be made in either cash or in common shares of the Company, or in the case of a reverse take-over, common shares of the resulting public company bearing any applicable legends and restrictions as required by applicable securities laws, at a share price equal to the lesser of the market price and \$0.40 per share. The April 13, 2017 due date will be accelerated to the date which occurs 10 days following the closing any financing or financings that result in BMG or its subsidiary having raised an aggregate total of more than \$10,000,000.

(ii) Interest of Madison

Pursuant to a series of agreements dating from 2002, Madison holds clear title, subject to the royalty agreement described below, to the other 60% interest in the joint venture, described above, which holds the Lewis Gold Project. All previous exploration and evaluation expenditures incurred by Madison have been charged to operations.

(iii) Royalty agreement

The Lewis Gold Project property is subject to an advance minimum royalty payment of USD\$60,000 per annum, payable each December, subject to annual price-index-based escalation, which may be credited against certain production royalties. During the first fiscal quarter the Company made its annual advance payment for the 2015-2016 royalty year of USD \$81,146 translated as \$113,208. These royalties can be purchased for the price of USD \$4,000,000 for a period of one year commencing December 27, 2007 and thereafter at a price which increases by USD \$500,000 per annum each December 27 for a period of 35 years.

BATTLE MOUNTAIN GOLD INC.

Notes to the Condensed Consolidated Interim Financial Statements

(Expressed in Canadian Dollars)

For the Three Months Ended January 31, 2016 and 2015

4. EXPLORATION AND EVALUATION ASSETS (continued)

<i>(b) Summary of costs</i>	Total
Balance at October 31, 2014	\$ 2,766,082
Acquisition costs	
Shares issued	132,500
Exploration costs	
Claim maintenance	164,618
Field expenses	266,553
Balance at October 31, 2015	\$ 3,329,753
Exploration costs	
Claim maintenance	113,208
Field expenses	16,096
Balance at January 31, 2016	\$ 3,459,057

5. TRADE AND OTHER PAYABLES

	January 31, 2016	October 31, 2015
Trade accounts payable	\$ 76,146	\$ 62,966
Accrued payables	69,367	38,719
Trade and other payables	\$ 145,513	\$ 101,685

6. SHARE CAPITAL*(a) Share capital***Authorized:** an unlimited number of common shares with no par value.**Issued:** Recently issued shares are set out in the Statement of Changes in Shareholders' Equity for the Company's fiscal year ended October 31, 2015.*(b) Warrants*

The Company has warrants outstanding for the purchase of common shares as follows:

Number	Exercise Price	Remaining Life (Years)	Expiry Date
1,000,000	\$0.20	0.90	December 17, 2016
287,500	\$0.20	0.90	December 23, 2016
3,021,600	\$0.25	1.50	July 17, 2017
2,000,000	\$0.15	2.10	March 21, 2018
6,309,100			

BATTLE MOUNTAIN GOLD INC.

Notes to the Condensed Consolidated Interim Financial Statements

(Expressed in Canadian Dollars)

For the Three Months Ended January 31, 2016 and 2015

6. SHARE CAPITAL (continued)*(b) Warrants (cont'd)*

Share purchase warrant transactions are summarized as follows:

	Number of Warrants	Weighted Average Exercise Price
Outstanding at October 31, 2014	2,250,000	\$ 0.20
Issued	4,309,100	0.24
Expired or cancelled	(250,000)	0.64
Outstanding and exercisable at October 31, 2015 and January 31, 2016	6,309,100	\$ 0.21

(c) Stock options

The Company has a rolling stock options plan (the "Options Plan") that authorizes the Board of Directors to grant incentive stock options to directors, officers, employees and consultants, whereby a maximum of 10% of the issued common shares may be reserved for issuance. The exercise price of each option may not be less than the market price of the Company's shares at the date of grant. Options granted will have a term not to exceed five years and are subject to vesting provisions as determined by the Board.

At January 31, 2016 the Company had options for the acquisition of up to 2,260,000 common shares outstanding to directors, officers, employees and consultants as outlined below:

Number	Exercise Price	Expiry Date
1,550,000	\$0.25	August 14, 2019
590,000	\$0.16	May 25, 2020
120,000	\$0.125	July 21, 2020
2,260,000		

Stock option transactions are summarized as follows:

	Number of Stock Options	Weighted Average Exercise Price
Outstanding at October 31, 2014	1,550,000	\$ 0.25
Granted	710,000	0.15
Outstanding and exercisable at October 31, 2015 and January 31, 2016	2,260,000	\$ 0.22

(d) Escrow conditions

As a component of the RTO transaction the Exchange imposed escrow restrictions on a total of 6,253,397 issued shares as follows: 1,753,397 shares to be released in various tranches over a 36-month period ending May 14, 2017 and 4,500,000 shares were released after a four-month period ending September 14, 2014. At January 31, 2016 escrow conditions continued in effect for a total of 1,051,530 issued shares.

BATTLE MOUNTAIN GOLD INC.

Notes to the Condensed Consolidated Interim Financial Statements
(Expressed in Canadian Dollars)
For the Three Months Ended January 31, 2016 and 2015

7. RELATED PARTY BALANCES AND TRANSACTIONS

The key management personnel of the Company are the Directors, the Chief Executive Officer and the Chief Financial Officer.

(a) Compensation of Officers and Directors

During the three months ended January 31, 2016 and 2015, the Company paid or accrued the following:

	January 31, 2016		January 31, 2015	
Director fees ¹	\$	-	\$	4,500
Geological consulting ²		6,822		9,800
Senior officers ¹		17,850		20,100
	\$	24,672	\$	34,400

1 Charged to salaries and benefits

2 Included in field expenses of \$16,096 (2015-\$50,957) set out in Note 4

(b) Transactions and Balances with Related Corporations

Included in receivables is \$566 (October 31, 2015 – 10,775) due from a related party company with which is shared office premises. Included in trade and other payables is \$36,073 (October 31, 2015 – \$24,279) due to the same party.

(c) Loans from Related Parties

In December 2015, the Company borrowed a total of \$110,000 by way of short term loans from three lenders, two of whom were senior officers of the Company who lent \$60,000. The loans are unsecured, bear simple interest at 6% per annum, and are due on demand provided that proceeds of future equity financings shall have reached the aggregate amount of \$400,000 or greater. Note 9 sets out additional loans provided to the Company subsequent to the date of these financial statements.

8. FINANCIAL RISK MANAGEMENT

The Company is exposed to a variety of risks related to financial instruments. The Board approves and monitors the risk management processes. The principal types of risk exposure and the way in which they are managed are as follows:

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations when they become due. As at January 31, 2016 the Company had a negative working capital of \$188,771 (October 31, 2015 – a positive working capital of \$31,659) and management understands it will need to continue raising capital through equity markets or through loans to ensure the Company can meet its financial obligations as they become due. Note 7 sets out certain short term loans arranged in December 2015.

Foreign exchange risk

The Company's functional currency is the Canadian dollar. There is a foreign exchange risk to the Company as its exploration and evaluation property interests and resulting future commitments are located in the United States. The U.S. dollar translation rate has in recent periods experienced considerable volatility. Management monitors its foreign currency balances and makes adjustments based on anticipated need for currencies. The Company has a policy of not engaging in hedging activities to address this foreign currency risk.

9. SUBSEQUENT EVENTS

In March 2016 the Company was provided additional cash loans totaling \$40,000, being \$20,000 from each of two lenders, one of whom is a senior officer and director. The loans are unsecured, bear simple interest at 6% per annum, and are due on demand provided that proceeds of future equity financings shall have reached the aggregate amount of \$400,000 or greater.