

Battle Mountain Gold Inc.

Condensed Consolidated Interim Financial Statements

Three and nine months ended July 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

	July 31, 2016	October 31, 2015
ASSETS		
Current Assets		
Cash	\$ 4,630,181	\$ 96,529
Marketable securities	578	578
Prepays	40,590	24,017
Receivables (Note 3)	<u>19,062</u>	<u>12,220</u>
Total current assets	<u>4,690,411</u>	<u>133,344</u>
Non-Current Assets		
Exploration and evaluation assets (Note 4)	<u>3,870,195</u>	<u>3,329,753</u>
Total Assets	<u>\$ 8,560,606</u>	<u>\$ 3,463,097</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities		
Trade and other payables (Note 5)	<u>\$ 117,091</u>	<u>\$ 101,685</u>
Total current liabilities	<u>117,091</u>	<u>101,685</u>
Shareholders' Equity		
Share capital (Note 6)	9,989,060	4,400,474
Share-based payment reserves (Note 6)	1,442,403	417,485
Accumulated other comprehensive income	1,095	1,979
Deficit	<u>(2,989,043)</u>	<u>(1,458,526)</u>
Total shareholders' equity	<u>8,443,515</u>	<u>3,361,412</u>
Total Liabilities and Shareholders' Equity	<u>\$ 8,560,606</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 September 26, 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 and nine months ended July 31, 2016 and 2015

(Expressed in Canadian Dollars, unless otherwise stated)

	Three months ended July 31, 2016	Three months ended July 31, 2015	Nine months ended July 31, 2016	Nine months ended July 31, 2015
EXPENSES				
Accounting and audit	\$ 20,650	\$ 28,443	\$ 47,440	\$ 65,389
Consulting	106,355	18,096	166,261	18,096
Filing fees	15,419	16,582	31,856	30,904
Insurance	4,815	1,381	14,280	4,488
Interest	296	4,938	3,095	13,626
Legal fees	8,700	5,686	14,225	29,892
Office and rent	9,493	4,598	16,810	14,268
Public relations	2,410	2,865	10,580	12,621
Salaries and benefits	80,897	38,321	197,269	115,440
Share-based payment	1,024,918	115,902	1,024,918	115,902
Travel	5,483	1,451	12,447	7,249
	(1,279,436)	(238,263)	(1,539,181)	(427,875)
OTHER INCOME (EXPENSES)				
Foreign exchange gain / (loss)	(5,536)	5,594	(1,632)	2,278
Interest earned	10,296	-	10,296	59
Loss for the period	\$ (1,274,676)	\$ (232,669)	\$ (1,530,517)	\$ (425,538)
Other comprehensive loss				
Effect of exchange rate fluctuation	-	-	(884)	-
Unrealized loss on marketable securities	-	-	-	(1,156)
Total comprehensive loss	\$ (1,274,696)	\$ (232,669)	\$ (1,531,401)	\$ (426,694)
Basic and diluted loss per common share	\$ (0.02)	\$ (0.00)	\$ (0.04)	\$ (0.01)
Weighted average number of common shares outstanding	51,782,596	30,631,200	41,444,048	29,244,812

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 and nine months ended July 31, 2016 and 2015

(Expressed in Canadian Dollars, unless otherwise stated)

	<u>Share Capital</u>			Warrants	Share-based payment reserves	Accumulated other comprehensive income (loss)	Deficit	Total
	Number of Shares	Amount						
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	500,000	50,000	-	-	-	-	50,000	
Shares issued for cash	8,575,000	1,007,500	-	-	-	-	1,007,500	
Share issue costs	-	(2,400)	-	-	-	-	(2,400)	
Share issued as finders' fee	152,700	-	-	-	-	-	-	
Fair value warrants expired	-	-	(13,700)	13,700	-	-	-	
Share-based payment	-	-	-	115,902	-	-	115,902	
Loss for the period	-	-	-	-	-	(425,538)	(425,538)	
Other comprehensive loss for the period	-	-	-	-	(1,156)	-	(1,156)	
Balance at July 31, 2015	35,689,086	4,317,974	-	430,613	1,979	(1,334,812)	3,415,754	
Balance at October 31, 2015	36,189,096	\$ 4,400,474	\$ -	\$ 417,485	\$ 1,979	\$ (1,458,526)	\$ 3,361,412	
Shares issued for cash	16,490,075	5,770,662	-	-	-	-	5,770,662	
Share issue costs	-	(182,076)	-	-	-	-	(182,076)	
Share-based payments	-	-	-	1,024,918	-	-	1,024,918	
Loss for the period	-	-	-	-	-	(1,530,517)	(1,530,517)	
Other comprehensive loss for the period	-	-	-	-	(884)	-	(884)	
Balance at July 31, 2016	52,679,171	\$ 9,989,060	\$ -	\$ 1,442,403	\$ 1,095	\$ (2,989,043)	\$ 8,443,515	

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

	Nine months ended July 31, 2016	Nine months ended July 31, 2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the period	\$ (1,530,517)	\$ (425,538)
Items not affecting cash:		
Share-based payment	1,024,918	115,902
Changes in non-cash working capital items:		
Prepays and receivables	(23,415)	13,607
Trade and other payables	(3,541)	(10,841)
Net cash used in operating activities	(532,555)	(306,870)
CASH FLOWS FROM INVESTING ACTIVITIES		
Exploration and evaluation assets	(506,495)	(308,638)
Net cash used in investing activities	(506,495)	(308,638)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from share issuance	5,770,662	1,007,500
Share issuance costs	(182,076)	(2,400)
Repayment of loans payable	(15,000)	(100,510)
Net cash from financing activities	5,573,586	904,590
Effect of exchange rate fluctuation	(884)	-
Change in cash	4,533,652	289,082
Cash, beginning of period	96,529	85,303
Cash, end of period	\$ 4,630,181	\$ 374,385
Cash paid for interest	\$ 3,095	\$ -
Cash paid for tax	\$ -	\$ -
Non-cash investing and financing activities		
Exploration and evaluation assets incurred through accounts payable and accruals	\$ 65,050	\$ 42,511
Shares issued as finder's fees	\$ -	\$ 54,150
Shares issued for acquisition of exploration and evaluation assets	\$ -	\$ 50,000
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 and Nine Months Ended July 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 July 31, 2016 the Company had cash of \$4,630,181 and working capital of \$4,573,320.

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 were 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., a Nevada corporation, and of the former Madison Minerals Inc, a British Columbia corporation, and its wholly owned subsidiary, Madison Enterprises (Nevada) Inc., a Nevada corporation.

BATTLE MOUNTAIN GOLD INC.

Notes to the Condensed Consolidated Interim Financial Statements

(Expressed in Canadian Dollars)

For the Three and Nine Months Ended July 31, 2016 and 2015

3. RECEIVABLES

	July 31, 2016	October 31, 2015
Goods and services tax recoverable	\$ 7,767	\$ 1,445
Other receivables	11,295	10,775
Receivables	\$ 19,062	\$ 12,220

4. EXPLORATION AND EVALUATION ASSETS***Lewis Gold Project******(i) Interest of BMG Mining Inc. ("BMG")***

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

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, this payment of \$1,550,000 may be made in either cash or in common shares of the Company, at a share price equal to the lesser of the market price and \$0.35 per share. The April 13, 2017 due date is subject to being accelerated to the date which occurs 10 days following the closing of any financing or financings that result in the Company having raised an aggregate total of more than \$10,000,000.

(ii) Interest of the former Madison Minerals Inc. ("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.

(iii) Royalty provisions

The Lewis Gold Project, prior to the agreement set out in Note 9 *Subsequent event*, was burdened by royalties on gross production in favour of Clover Nevada LLC ("CN") of 5.0% in respect of gold and silver and 4.0% in respect of other metals. As set out in Note 9, the royalty burden in respect of gold and silver has subsequently been altered to a net smelter returns royalty (as defined in the amending agreement) of 3.5%.

The royalty burdens provide for 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 future 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.

BATTLE MOUNTAIN GOLD INC.

Notes to the Condensed Consolidated Interim Financial Statements

(Expressed in Canadian Dollars)

For the Three and Nine Months Ended July 31, 2016 and 2015

4. EXPLORATION AND EVALUATION ASSETS (continued)

Balance at October 31, 2014		\$	2,766,082
Acquisition costs			
Shares issued			132,500
Exploration costs			
Claim maintenance			164,618
Field costs			
Assays and storage	\$	35,565	
Geology		201,385	
Geophysics		7,631	
Travel and accommodation		17,688	
Other		4,284	
			<u>266,553</u>
Balance at October 31, 2015		\$	3,329,753
Exploration costs			
Claim maintenance			120,398
Field costs			
Assays and storage	\$	20,301	
Computing and databases		55,043	
Geology		130,640	
Geophysics		170,983	
Travel and accommodation		24,740	
Other		18,337	
			<u>420,044</u>
Balance at July 31, 2016		\$	3,870,195

5. TRADE AND OTHER PAYABLES

	July 31, 2016	October 31, 2015
Trade accounts payable	\$ 72,922	\$ 62,966
Accrued payables	44,169	38,719
Trade and other payables	<u>\$ 117,091</u>	<u>\$ 101,685</u>

BATTLE MOUNTAIN GOLD INC.

Notes to the Condensed Consolidated Interim Financial Statements

(Expressed in Canadian Dollars)

For the Three and Nine Months Ended July 31, 2016 and 2015

6. SHARE CAPITAL*(a) Share capital***Authorized:** an unlimited number of common shares with no par value.**Issued:** 52,679,171 common shares.

On May 6, 2016 the Company closed a non-brokered private placement of shares and units for total gross proceeds of \$5,768,502. The company issued 6,000,000 shares and 10,481,435 units all priced at \$0.35 per share or unit. Each unit had one-half a share purchase warrant exercisable at the price of \$0.37 per share for a two year term ending May 6, 2018. A total of 5,240,717 warrants were issued. Finders' fees totaling \$105,000 were paid in respect of the placement of 6,000,000 shares, and other share issuance costs totaled \$77,076.

As a provision of the placements the Company agreed it would not issue any additional shares at a price below \$0.35 per share for a period of six months.

During the three month period 8,640 warrants were exercised for cash proceeds of \$2,160.

(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	0.40	December 17, 2016
	287,500	\$0.20	0.40	December 23, 2016
	3,012,920	\$0.25	1.10	July 17, 2017
	2,000,000	\$0.15	1.60	March 21, 2018
	5,240,717	\$0.37	1.80	May 6, 2018
	<u>11,541,717</u>			

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 at October 31, 2015	6,309,100	0.21
Issued	5,240,717	0.37
Exercised	(8,640)	0.25
Outstanding at July 31, 2016	11,541,177	\$ 0.25

BATTLE MOUNTAIN GOLD INC.

Notes to the Condensed Consolidated Interim Financial Statements

(Expressed in Canadian Dollars)

For the Three and Nine Months Ended July 31, 2016 and 2015

6. SHARE CAPITAL (continued)

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.

On June 18, 2016 the Company made grants of incentive stock options exercisable in respect of a total of 1,954,000 shares at the price of \$0.60 per share for a five year term ending June 18, 2021. Of these grants, 1,225,000 were to directors and senior officers.

At July 31, 2016 the Company had options for the acquisition of up to 4,214,000 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
1,954,000	\$0.60	June 18, 2021
4,214,000		

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 at October 31, 2015	2,260,000	\$ 0.22
Granted	1,954,000	0.60
Outstanding at July 31, 2016	4,214,000	\$ 0.40

(d) Escrow conditions

As a component of a business combination transaction completed in May 2014 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 July 31, 2016 escrow conditions continued in effect for a total of 788,520 issued shares.

7. 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. As at July 31, 2016 the principal exposure amenable to risk management processes was that arising from foreign exchange.

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.

BATTLE MOUNTAIN GOLD INC.

Notes to the Condensed Consolidated Interim Financial Statements

(Expressed in Canadian Dollars)

For the Three and Nine Months Ended July 31, 2016 and 2015

8. 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 nine months ended July 31, 2016 and 2015, the Company paid or accrued the following:

	July 31, 2016	July 31, 2015
Director fees ¹	\$ 12,000	\$ 4,500
Geological consulting ²	62,509	42,675
Senior officers ¹	125,600	87,750
	<u>\$ 200,109</u>	<u>\$ 134,925</u>

¹ Charged to salaries and benefits

² Included in field costs of \$420,044 (2015-\$266,553) set out in Note 4

(b) Transactions and Balances with Related Corporations

Included in trade and other payables is \$20,848 (October 31, 2015 – \$24,279) due to related parties.

(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 a total of \$60,000. In March 2016, the Company borrowed an additional amount of \$40,000, being \$20,000 from each of two lenders, one of whom is a senior officer and director. The loans were unsecured, bore simple interest at 6% per annum, and were due on demand provided that proceeds of future equity financings were to have reached the aggregate amount of \$400,000 or greater. During the three months ended July 31, 2016, the entire loan balances totaling \$150,000 plus accrued interest were paid in full to the lenders.

9. SUBSEQUENT EVENTS

Buydown of royalty

By agreements entered into in June and August 2016 the Company and other parties agreed with Clover Nevada LLC (“CN”), the arm’s length holder of the royalty on gold and silver production from the Lewis Gold Project, whereby that royalty was reduced from a 5.0% gross production royalty to a 3.5% net smelter return royalty. Gold Standard Ventures Corp. (“GSV”) the subscriber to the 10,481,435 units set out in Note 6(a) above paid CN the amount of USD \$1,850,000 which was translated as CAD \$2,355,235. The Company agreed to reimburse GSV for its outlay of \$2,355,235 by i) accepting the exercise by GSV of its 5,240,717 warrants for total proceeds of \$1,939,065 and ii) settling a further \$416,170 by the issue of 885,468 shares of the Company at the price of \$0.47 per share (the “Further Share Issue”). As a result of its share subscription set out in Note 6(a) above GSV became a 19.9 percent shareholder of the Company. Upon the exercise of its warrants and the Further Share Issue described herein and completed in September 2016, GSV became a 28.2 per cent shareholder of the Company.

Exercise of warrants

A total of 125,000 warrants with an exercise price of \$0.25 were exercised for cash proceeds of \$31,250.