

Dynasty Gold Corp.

Condensed Consolidated Interim Financial Statements

June 30, 2016 and 2015

(Expressed in Canadian Dollars)

DYNASTY GOLD CORP.

NOTICE OF NO AUDITOR REVIEW

The accompanying unaudited condensed consolidated interim financial statements of the Company have been prepared by the management and approved by the Audit Committee and Board of Directors of the Company.

The Company advises as required by National Instrument 51-102, Part 4, subsection 4.3(3) (a), that its independent auditors have not performed a review of these financial statements in accordance with the standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements.

Dynasty Gold Corp.**Condensed Consolidated Interim Statements of Financial Position**(Expressed in Canadian dollars)

	June 30, 2016	December 31, 2015
Assets		
Current		
Cash and cash equivalents (Note 4)	\$ 506,099	\$ 610,544
Receivables (Note 5)	8,874	9,028
Prepaid expenses	2,600	3,540
	517,573	623,112
Exploration and evaluation assets (Note 6)	360,528	359,476
	\$ 878,101	\$ 982,588
Liabilities		
Current		
Accounts payable and accrued liabilities (Note 7)	\$ 216,247	\$ 244,049
	216,247	244,049
Shareholders' Equity		
Share capital (Note 8)	34,461,479	34,461,479
Share-based payment reserve	2,654,109	2,654,109
Deficit	(36,453,734)	(36,377,049)
	661,854	738,539
	\$ 878,101	\$ 982,588

Nature of Business and Continuance of Operations (Note 1)

See accompanying notes to the Condensed Consolidated Interim Financial Statements.

Dynasty Gold Corp.**Condensed Consolidated Interim Statements of Changes in Shareholders' Equity****For the six months ended June 30, 2016 and 2015**(Expressed in Canadian dollars)

	Common Shares		Share-based Payment Reserve	Deficit	Total Shareholders' Equity
	Number of Shares	Amount			
Balance, December 31, 2014	118,343,710	\$ 34,461,479	\$ 2,654,109	\$ (36,041,466)	\$ 1,074,122
Comprehensive loss	-	-	-	(169,670)	(169,670)
Balance, June 30, 2015	118,343,710	\$ 34,461,479	\$ 2,654,109	\$ (36,211,136)	\$ 904,452
Balance, December 31, 2015	118,343,710	\$ 34,461,479	\$ 2,654,109	\$ (36,377,049)	\$ 738,539
Comprehensive loss	-	-	-	(76,685)	(76,685)
Balance, June 30, 2016	118,343,710	\$ 34,461,479	\$ 2,654,109	\$ (36,453,734)	\$ 661,854

See accompanying notes to the Condensed Consolidated Interim Financial Statements.

Dynasty Gold Corp.**Condensed Consolidated Interim Statements of Comprehensive Loss**(Expressed in Canadian dollars)

	For the three months ended June 30,		For the six months ended June 30,	
	2016	2015	2016	2015
Expenses				
Consulting fees (Note 9)	\$ 11,644	\$ 46,575	\$ 43,219	\$ 93,150
Office expenses, rent and salaries	10,027	10,710	17,757	18,785
Professional fees (Note 9)	9,618	7,993	14,423	13,028
Project investigation costs	15,144	2,000	32,894	3,000
Regulatory and transfer agent fees	2,336	3,521	4,293	6,029
Shareholder communications, AGM, trade shows and travel	1,935	20,486	15,551	38,658
Loss before other items	50,704	91,285	128,137	172,650
Other items				
Interest income	(686)	(1,980)	(1,452)	(2,980)
Accounts payable write off	-	-	(50,000)	-
	(686)	(1,980)	(51,452)	(2,980)
Comprehensive loss	\$ 50,018	\$ 89,305	\$ 76,685	\$ 169,670
Loss per share – basic and diluted	\$ (0.00)	\$ (0.00)	\$ (0.00)	\$ (0.00)
Weighted average number of common shares outstanding – basic and diluted	118,343,710	118,343,710	118,343,710	118,343,710

See accompanying notes to the Condensed Consolidated Interim Financial Statements.

Dynasty Gold Corp.**Condensed Consolidated Interim Statements of Cash Flows**(Expressed in Canadian dollars)

	For the three months ended June 30,		For the six months ended June 30,	
	2016	2015	2016	2015
Cash flows used in:				
Operating activities				
Net loss	\$ (50,018)	\$ (89,305)	\$ (76,685)	\$ (169,670)
Changes in non-cash working capital items:				
Receivables	(2,426)	(4,757)	154	(5,290)
Prepaid expenses	1,300	1,300	940	3,158
Accounts payable and accrued liabilities	(30,676)	(9,280)	(27,802)	(45,106)
	(81,820)	(102,042)	(103,393)	(216,908)
Investing activities				
Exploration and evaluation asset costs and expenditures	(863)	(648)	(1,052)	(648)
Decrease in cash and cash equivalents	(82,683)	(102,690)	(104,445)	(217,556)
Cash and cash equivalents, beginning	588,782	813,388	610,544	928,254
Cash and cash equivalents, ending	\$ 506,099	\$ 710,698	\$ 506,099	\$ 710,698

Non-cash transactions (Note 13)

See accompanying notes to the Condensed Consolidated Interim Financial Statements.

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Notes to Condensed Consolidated Interim Financial Statements For the six months ended June 30, 2016 and 2015 (Expressed in Canadian dollars)

1. Nature of Business and Continuance of Operations

The Company was incorporated under of the laws of the province of British Columbia on December 12, 1985. The Company's principal office is located at 625 Howe Street, Suite 488, Vancouver, B.C. V6C 2T6. The Company is an exploration stage company engaged in the acquisition, exploration and development of mineral properties. The Company's shares are listed in the TSX-Venture Exchange (the "Exchange") under the symbol "DYG".

These condensed consolidated interim 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. The continuing operations of the Company are dependent upon its ability to raise adequate financing to develop its mineral properties, and to commence profitable operations in the future. To date, the Company has not generated any revenues and is considered to be in the exploration stage. These factors indicate the existence of a material uncertainty that may cast doubt about the Company's ability to continue as a going concern. Management's plan includes continuing to pursue additional sources of financing through equity offerings, seeking joint venture partners to fund exploration, monitoring exploration activity and reducing overhead costs. As a result of its plans, management expects that the Company will have sufficient capital to fund operations and keep its mineral properties in good standing for the upcoming fiscal year. The condensed consolidated interim financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern.

2. Significant Accounting Policies

a) Basis of presentation and statement of compliance

These condensed consolidated interim financial statements, including comparatives, have been prepared by management using accounting policies consistent with International Financial Reporting Standards ("IFRS") and in accordance with International Accounting Standard ("IAS") 34 Interim Financial Reporting. These statements do not include all of the information and disclosures required by IFRS for annual financial statements. In the opinion of management, all adjustments and information considered necessary for fair presentation have been included in these condensed consolidated interim financial statements.

These condensed consolidated interim financial statements follow the same accounting policies and methods of their application as the most recent annual financial statements and should be read in conjunction with the Company's audited consolidated financial statements for the year ended December 31, 2015.

The Company's board of directors approved these condensed consolidated interim financial statements for issue on August 29, 2016.

b) Basis of consolidation

These condensed consolidated interim financial statements include the accounts of the Company and its wholly owned subsidiaries.

All intercompany balances and transactions have been eliminated on consolidation.

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Notes to Condensed Consolidated Interim Financial Statements For the six months ended June 30, 2016 and 2015 (Expressed in Canadian dollars)

3. Accounting Standards Issued but Not Yet Applied

New standard IFRS 9 "Financial Instruments"

This new standard is a partial replacement of IAS 39 "Financial Instruments: Recognition and Measurement". IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 is effective for annual periods beginning on or after January 1, 2018 with early adoption permitted.

The Company has not early adopted this revised standard and is currently assessing the impact that this standard will have on its consolidated financial statements.

Other accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a significant impact on the Company's financial statements.

4. Cash and Cash Equivalents

	June 30, 2016	December 31, 2015
Cash at bank	\$ 183,099	\$ 610,544
Bank term deposits	323,000	-
	\$ 506,099	\$ 610,544

5. Receivables

	June 30, 2016	December 31, 2015
GST receivable	\$ 7,743	\$ 9,028
Other receivables	1,131	-
	\$ 8,874	\$ 9,028

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Notes to Condensed Consolidated Interim Financial Statements For the six months ended June 30, 2016 and 2015 (Expressed in Canadian dollars)

6. Exploration and Evaluation Assets

	Golden Repeat Property
<u>Acquisition Costs</u>	
Balance, December 31, 2014	\$ 127,000
Balance, December 31, 2015 and June 30, 2016	\$ 127,000
<u>Deferred Exploration Costs</u>	
Balance, December 31, 2014	\$ 221,976
Property expenditures	10,500
Balance, December 31, 2015	\$ 232,476
Property expenditures	1,052
Balance, June 30, 2016	\$ 233,528
Total as at December 31, 2014	\$ 348,976
Total as at December 31, 2015	\$ 359,476
Total as at June 30, 2016	\$ 360,528

Golden Repeat Property, Nevada, USA

The Company owns 100% interest in the Golden Repeat property, subject to 2% Net Smelter Royalty ("NSR"). It has the option to buy back 75% of the NSR for \$1 million within three years of commencing production.

7. Accounts Payable and Accrued Liabilities

	June 30, 2016	December 31, 2015
Accounts payable	\$ 47,234	\$ 95,238
Amounts due to related parties (Note 9)	169,013	148,811
	\$ 216,247	\$ 244,049

8. Share Capital

Authorized:

Unlimited number of common shares without par value.

Share Issuance:

No shares were issued during the six months ended June 30, 2016 and the year ended December 31, 2015.

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Notes to Condensed Consolidated Interim Financial Statements For the six months ended June 30, 2016 and 2015 (Expressed in Canadian dollars)

8. Share Capital (continued)

Stock Options

The Company has adopted an incentive stock option plan (the "Plan"). The essential elements of the Plan provide that the aggregate number of shares of the Company's capital stock issuable pursuant to options granted under the Plan may not exceed 10% of the total issued and outstanding shares of the Company. Options granted under the Plan may have a maximum term of five years. The exercise price of options granted under the Plan will not be less than the market price of the shares or such other price as may be agreed to by the Company and accepted by the Exchange. All options granted under the Plan will become vested with the right to exercise one-fourth of the option immediately, and one-fourth of the option upon the conclusion of every six months subsequent to the date of the grant of the option, except options granted to consultants performing investor relations activities, which options will become vested to exercise one-fourth of the option upon every three months subsequent to the date of the grant of the option.

A summary of the status of the Company's stock options outstanding as of June 30, 2016 and December 31, 2015 and changes during the periods then ended is as follows:

	Number of Options	Weighted Average Exercise Price
Options outstanding, December 31, 2014	3,250,000	\$ 0.10
Expired	-	
Cancelled	-	
Options outstanding, December 31, 2015 and June 30, 2016	3,250,000	\$ 0.10

The weighted average contractual life of options outstanding at June 30, 2016 was 0.07 years.

At June 30, 2016, the Company had outstanding stock options as follows:

Number of Options Outstanding	Number of Options Exercisable	Exercise Price	Expiry Date
3,000,000	3,000,000	\$ 0.10	July 13, 2016
250,000	250,000	\$ 0.10	December 13, 2016
3,250,000	3,250,000		

There was no stock-based compensation during the six months ended June 30, 2016 and 2015.

Share-based Payment Reserve

The share-based payment reserve records items recognized as stock-based compensation expense and other share-based payments until such time that the stock options or warrants are exercised, at which time the corresponding amount will be transferred to share capital.

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9. Related Party Balances and Transactions

Related Party Balances

Included in accounts payable and accrued liabilities is \$169,013 (December 31, 2015 - \$148,811) due to directors and officers of the Company. The amount is unsecured, non-interest bearing and due on demand.

Key Management Compensation

During the six months ended June 30, 2016, the Company accrued \$73,863 (June 30, 2015 - \$97,150) to directors and officers for providing management, accounting and geological consulting services to the Company.

During the three months ended June 30, 2016, the Company accrued \$25,288 (June 30, 2015 - \$48,575) to directors and officers for providing management, accounting and geological consulting services to the Company.

10. Segmented Information

The Company's activities are all in the industry segment of mineral property acquisition, exploration and development.

At June 30, 2016 and June 30, 2015, the Company's exploration and evaluation assets are located in the USA (Note 6).

11. Financial Risk Management

Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is on its cash and cash equivalents of \$506,099. Cash and cash equivalents are held with a bank in Canada. As all of the Company's cash and cash equivalents is held by the same Canadian bank there is a concentration of credit risk. This risk is managed by using a major bank that is a high credit quality financial institution as determined by rating agencies. As at June 30, 2016, this risk is considered minimal.

Currency Risk

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company's exposure to currency risk is minimal as the Company's transactions and financial instruments are primarily denominated in Canadian dollars. The Canadian dollar equivalents of cash and cash equivalents denominated in United States dollars is \$111,461.

Interest Rate Risk

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. The Company is exposed to interest rate risk as cash and cash equivalents earn interest income at variable rates. As at June 30, 2016, the risk is considered minimal.

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(Expressed in Canadian dollars)

11. Financial Risk Management (continued)*Liquidity Risk*

Liquidity risk arises through the excess of financial obligations over available financial assets due at any point in time. The Company's objective in managing liquidity risk is to maintain sufficient readily available reserves in order to meet its liquidity requirements at any point in time. The Company achieves this by maintaining sufficient cash and cash equivalents. As at June 30, 2016, this risk is considered minimal.

12. Capital Disclosures

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern, to pursue the development of its mineral properties and to maintain a flexible capital structure which optimizes the cost of capital within a framework of acceptable risk. In the management of capital, the Company includes the components of shareholders' equity, cash and cash equivalents.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust its capital structure, the Company may issue new shares, issue new debt, acquire or dispose of assets or adjust the amount of cash and cash equivalents.

The Company is dependent on the capital markets as its source of operating capital and the Company's capital resources are largely determined by the strength of the junior resource markets and by the status of the Company's projects in relation to these markets, and its ability to compete for investor support for its projects.

The capital structure of the Company consists of equity and cash and cash equivalent. The Company is not subject to externally imposed capital restrictions. There were no changes to the Company's approach to capital management during the period.

13. Non-Cash Transactions

There were no significant non-cash transactions during the six months ended June 30, 2016 and 2015.