FALCON GOLD CORP.

Condensed Interim Consolidated Financial Statements

September 30, 2015

(Unaudited)

(Expressed in Canadian Dollars)

These condensed interim consolidated financial statements have not been reviewed by the Company's auditors.

FALCON GOLD CORP.

(Unaudited)
(Expressed in Canadian Dollars)

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September 30, 2015 and 2014

FALCON GOLD CORP.

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Expressed in Canadian Dollars)

(Unaudited)

	As at September 30, 2015	As at June 30, 2015
Assets		
Current assets		
Cash	$ 2,511	$ 13,936
Receivable	-	8,000
Prepaid expenses	36,374	42,367
	38,885	64,303
Property and equipment	-	1,796
Exploration and evaluation assets (Note 4)	1,750,118	2,415,118
	$ 1,789,003	$ 2,481,217
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	$ 381,657	$ 316,918
	381,657	316,918
Shareholders' equity		
Share capital (Note 5)	4,348,822	4,318,822
Contributed surplus (Note 5)	762,007	762,007
Deficit	(3,703,483)	(2,916,530)
	1,407,346	2,164,299
	$ 1,789,003	$ 2,481,217

Approved by the Board of Directors

"Stephen Wilkinson"	"Brian Crawford"
_____________________	_____________________
Director	Director

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

(Expressed in Canadian Dollars)

Three months ended September 30	2015	2014
Operating expenses		
Filing fees and communication	$ 9,166	$ 6,140
General and administration costs	68,183	137,400
Professional fees	12,808	34,039
Share-based payments	-	215,070
Depreciation	-	183
	90,157	392,832
Gain on settlement of accounts payable	-	(4,730)
Loss on disposal of property and equipment	1,796	-
Write-down of exploration and evaluation assets	695,000	-
Net loss and comprehensive loss	$ 786,953	$ 388,102
Basic and diluted loss per share	$ (0.02)	$ (0.01)
Weighted average number of shares outstanding	41,734,409	33,805,117

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

(Expressed in Canadian Dollars)

	Number of Shares	Common Shares Issued and Fully Paid	Contributed Surplus	Accumulated Deficit	Total
Balance, June 30, 2014	25,756,941	$ 3,348,283	$ 509,162	$ (1,861,395)	$ 1,996,050
Shares issued for cash	12,298,889	706,900	-	-	706,900
Shares issued for exploration and evaluation assets	250,000	32,500	-	-	32,500
Shares issued for finders' fees	330,000	42,900	-	-	42,900
Share issue costs	-	(51,360)	-	-	(51,360)
Broker warrants issued	-	(10,025)	10,025	-	-
Share-based compensation	-	-	215,070	-	215,070
Warrants issued for exploration and evaluation assets	-	-	58,772	-	58,772
Loss and comprehensive loss	-	-	-	(388,102)	(388,102)
Balance September 30, 2014	38,635,830	4,069,198	793,029	(2,249,497)	2,612,730
Shares issue for cash	2,549,666	191,225	-	-	191,225
Share issue costs	-	(10,123)	-	-	(10,123)
Shares issued on exercise of options	250,000	37,500	-	-	37,500
Transfer from contributed surplus on exercise of options	-	31,022	(31,022)	-	-
Loss and comprehensive loss	-	-	-	(667,033)	(667,033)
Balance June 30, 2015	41,435,496	4,318,822	762,007	(2,916,530)	2,164,299
Shares issued for exploration and evaluation assets	750,000	30,000	-	-	30,000
Loss and comprehensive loss	-	-	-	(786,953)	(786,953)
Balance September 30, 2015	42,185,496	$ 4,348,822	$ 762,007	$ (3,703,483)	$ 1,407,346

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

(Expressed in Canadian Dollars)

Three months ended September 30	**2015**	**2014**
Operating activities		
Net loss and comprehensive loss for the period	$ (786,953)	$ (388,102)
Items not affecting cash and cash equivalents		
Depreciation	-	183
Share-based compensation	-	215,070
Loss on disposal of property and equipment	1,796	-
Write-down of exploration and evaluation assets	695,000	-
Change in non-cash working capital:		
Receivable	8,000	(11,999)
Prepaid expenses	5,993	20,652
Accounts payable and accrued liabilities	64,739	(195,965)
Net cash used in operating activities	(11,425)	(360,161)
Financing activities		
Issuance of common shares-net of issue costs	-	600,040
Net cash provided by financing activities	-	600,040
Investing activities		
Investment in and expenditures on exploration and evaluation assets	-	(113,304)
Investment in loan receivable	-	(15,000)
Net cash used in investing activities	-	(128,304)
Net change in cash and cash equivalents	(11,425)	111,575
Cash and cash equivalents, beginning of period	13,936	5,042
Cash and cash equivalents, end of period	$ 2,511	$ 116,617

Supplementary schedule of consolidated non-cash transactions:		
Exploration and evaluation assets	$ 30,000	$ 87,772
Settlement of loans payable with shares	$ -	$ 55,500

1. NATURE OF OPERATIONS AND GOING CONCERN

Falcon Gold Corp. (the "Company") was incorporated pursuant to the provisions of the Business Corporations Act (Ontario) on November 24, 2006 and was continued under the Business Corporations Act (British Columbia) on May 2, 2013. The address of the Company's registered office in British Columbia is 439 Helmcken Street, Vancouver British Columbia V6B 2E6 and the address of the Company's office in Ontario is 855 Brant Street, Burlington, Ontario L7R 2J6. The Company's shares are listed on the TSX Venture Exchange.

The Company is primarily engaged in the acquisition and exploration of mineral properties. To date, the Company has not earned significant revenues and is considered to be in the exploration and evaluation stage.

The Company needs equity capital and financing for its working capital and for the costs of exploration and development of its properties. Although the Company has been successful in raising funds to date, there can be no assurance that adequate funding will be available in the future, or available under terms favourable to the Company. These material uncertainties cast significant doubt upon the Company's ability to continue as a going concern. These financial statements have been prepared on a going concern basis that assumes the Company will be able to continue to realize its assets and discharge its liabilities and commitments in the normal course of business. In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but is not limited to, twelve months from the end of the reporting period.

These condensed interim consolidated financial statements were approved by the Board of Directors on November 27, 2015.

2. SIGNIFICANT ACCOUNTING POLICIES

Statement of Compliance

These condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standards 34, Interim Financial Reporting ("IAS 34") using accounting policies consistent with International Financial Reporting Standards Board ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the IFRS Interpretations Committee ("IFRIC").

Basis of Presentation

These unaudited condensed interim consolidated financial statements have been prepared on the basis of accounting policies consistent with those applied in the Company's June 30, 2015 annual financial statements.

The preparation of condensed interim financial statements in conformity with IAS 34 requires management to make judgments, estimates and assumptions that affect the applications of policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. These condensed interim consolidated financial statements do not include all of the information required for full annual financial statements.

These condensed interim consolidated financial statements, including comparatives, have been prepared on the basis of IFRS standards that are published at the time of preparation.

The condensed interim financial statements have been prepared on a historical cost basis.

3. RISK MANAGEMENT, CAPITAL MANAGEMENT AND FINANCIAL INSTRUMENTS

The Company manages its capital structure and makes adjustments to it based on the funds available to the Company in order to support future business opportunities. The Company defines its capital as shareholders' equity. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to manage its capital to be able to sustain the future development of the Company's business.

The Company currently has no source of revenues, and therefore is dependent upon external financings to fund activities. In order to carry future projects and pay for administrative costs, the Company will spend its existing working capital and raise additional funds as needed. 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 period ended September 30, 2015. The Company is not subject to externally imposed capital requirements.

The Company classified its cash and sundry receivable as loans and receivables; and accounts payable and accrued liabilities as other financial liabilities. The carrying values of cash, sundry receivable, accounts payable and accrued liabilities, approximate their fair values due to the expected maturity of these financial instruments.

The Company's risk exposure and the impact on the Company's financial instruments are summarized below:

(a) Credit risk

Concentration of credit risk exists with respect to the Company's cash as all amounts are held at a single major Canadian financial institution.

The Company's concentration of credit risk and maximum exposure is as follows:

	September 30, 2015	June 30, 2015
Cash and cash equivalents	$ 2,511	$ 13,936

The credit risk associated with cash is minimized by ensuring it is placed with a major Canadian financial institution with a strong investment-grade rating issued by a primary ratings agency.

(b) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in satisfying financial obligations as they fall due. The Company's approach to managing liquidity risk is to provide reasonable assurance that it will have sufficient funds to meet liabilities when due. The Company manages its liquidity risk by forecasting cash flows required for operations and anticipated investing and financing activities. Management and the Board of Directors are actively involved in the review, planning and approval of significant expenditures and commitments.

The business of mining and exploration involves a high degree of risk and there can be no assurance that exploration programs will result in profitable mining operations. The Company has significant cash to meet its requirements for administrative overhead, to conduct due diligence on mineral property acquisition targets, and to conduct exploration of its mineral properties and mineral properties that may be acquired.

(Expressed in Canadian Dollars)

3. RISK MANAGEMENT, CAPITAL MANAGEMENT AND FINANCIAL INSTRUMENTS - continued

The Company does not generate cash flows from operations to fund its activities and therefore relies principally upon the issuance of securities for financing. Future capital requirements will depend on many factors including the Company's ability to execute its business plan. The Company intends to continue relying upon the issuance of securities to finance its future activities but there can be no assurance that such financing will be available on a timely basis under terms acceptable to the Company.

(c) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices. Market risk comprises three types of risk: interest rate risk, foreign currency risk and other price risk.

i. Interest rate risk

The Company's cash and cash equivalents consist primarily of cash held in bank accounts and term deposits with banks. Due to the short-term nature of this financial instrument, fluctuations in market rates do not have a significant impact on estimated fair value as of September 30, 2015. The Company manages interest rate risk by maintaining an investment policy that focuses primarily on preservation of capital and liquidity. Accordingly, the Company is not subject to interest rate risk.

ii. Foreign currency risk

During the period ended September 30, 2015, the Company was not exposed to material foreign currency risk.

iii. Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices, other than those arising from interest rate risk, foreign currency risk or commodity price risk. The Company has no financial instruments exposed to other price risk.

4. EXPLORATION AND EVALUATION ASSETS

	Burton Property	Washington Property	New York Canyon Copper Property	Total
Balance June 30, 2014	$ 1,306,479	$ 1,058,169	$ -	$ 2,364,648
Acquisition costs	-	12,251	183,847	196,098
Deferred exploration costs	-	-	4,978	4,978
Balance September 30, 2014	1,306,479	1,070,420	188,825	2,565,724
Acquisition costs	-	-	46,401	46,401
Deferred exploration costs	604	37,615	25,225	63,444
Write-down	-	-	(260,451)	(260,451)
Balance June 30, 2015	1,307,083	1,108,035	-	2,415,118
Acquisition costs	-	-	30,000	30,000
Deferred exploration costs	-	-	-	-
Write-down	-	665,000	(30,000)	(695,000)
Balance September 30, 2015	$ 1,307,083	$ 443,035	$ -	$ 1,750,118

4. EXPLORATION AND EVALUATION ASSETS – continued

Burton Property

The Burton Property consists of a 100% interest in a claim group located in Esther Township, northwest of Sudbury in Northern Ontario.

The Burton Property is subject to a 2.5% net smelter return and a 10% net profits interest in favour of the previous owner of the claims. The Company may purchase sixty percent of the net smelter return for an aggregate amount of $1,500,000 at any time.

As at September 30, 2014 and 2015, the Burton Property consisted of 16 unpatented mining claims and 6 patented claims covering 356 hectares in a largely contiguous block. The Company is required by the Ministry of Northern Development and Mines to incur annual qualifying exploration and development expenditures in order to maintain its unpatented claims in good standing. As at September 30, 2014 and 2015, the Company believes it has incurred the required amount of expenditures.

During the fiscal year ended June 30, 2012, the Company entered into a Mining Option Agreement (the “Agreement”) with Trelawney Mining and Exploration Inc. (now IAMGOLD Corporation) (“Trelawney”) whereby Trelawney can earn up to a 75% interest in the Burton Property. The terms of the Agreement include a cash payment of $150,000 to the Company and a commitment to incur exploration and evaluation expenditures in the amount of $1,200,000 over a two year period from the date of signing of the Agreement.

As of September 30, 2015, sufficient amounts have been expended with respect to the Trelawney Agreement to enable Trelawney to earn a 51% interest in the Burton Property.

Washington Property

The Washington Property consists of the lease for the formerly producing Silver Bell Mine northwest of the town of Republic in Washington State.

The Washington Property is subject to a 2% net smelter return in favour of the previous owner of the claims. The Company may purchase fifty percent of the net smelter return for an aggregate amount of $1,000,000 at any time. A portion of the Washington Property is subject to a 5% production royalty in favour of the State of Washington.

New York Canyon Copper Property

The New York Canyon Copper Property consists of 190 unpatented claims and 21 patented claims covering 1,690 hectares in western Nevada.

The Company entered into an Option Agreement (“Agreement”) whereby the Company can earn a 60% interest in the property by making cash payments of $150,000, issue 1,500,000 common shares and 500,000 common share purchase warrants and incur exploration and evaluation expenditures of $2,000,000 over a four year period from the date of the Agreement. The Company can earn an additional 20% interest in the property by issuing an additional 1,000,000 common shares and completing a Preliminary Economic Assessment over a two year period subsequent to the period covered by the 60% option.

(Expressed in Canadian Dollars)

4. EXPLORATION AND EVALUATION ASSETS – continued

The New York Canyon Copper Property is subject to a 1.75% net smelter return on the patented claims to an aggregate amount of US$2,000,000 and a 2% net smelter return on the unpatented claims.

Subsequent to the period the Agreement was terminated due to the softness in the copper market and the lack of investment funds for copper exploration projects. As a result impairment was recorded for the 2015 fiscal year end as well as during the period.

On a quarterly basis, management of the Company review exploration costs to ensure mining property interests include only costs and projects that are eligible for capitalization.

5. SHARE CAPITAL

Authorized
Unlimited number of common shares

Issued

	Number of Shares	Share Capital	Contributed Surplus
Balance, June 30, 2014	**25,756,941**	**$3,348,283**	**$509,162**
Shares issued for cash	12,298,889	706,900	-
Shares issued for exploration and evaluation assets	250,000	32,500	-
Shares issued as finders' fees	330,000	42,900	-
Warrants issued for exploration and evaluation assets	-	-	58,772
Share issue costs		(51,360)	-
Share-based compensation	-	-	215,070
Broker warrants issued	-	(10,025)	10,025
Balance September 30, 2014	**38,635,830**	**4,069,198**	**793,029**
Shares issued for cash	2,549,666	191,225	-
Shares issued on exercise of options	250,000	37,500	-
Transfer from contributed surplus on exercise of options		31,022	(31,022)
Share issue costs		(10,123)	-
Balance, June 30, 2015	**41,435,496**	**4,318,822**	**762,007**
Shares issued for exploration and evaluation assets	750,000	30,000	-
Balance, September 30, 2015	**42,185,496**	**$ 4,348,822**	**$ 762,007**

(Expressed in Canadian Dollars)

6. WARRANTS

The following common share purchase warrants entitle the holders thereof the right to purchase one common share for each common share purchase warrant. Warrants transactions are summarized as follows:

	Number of Warrants		Weighted Average Exercise Price
Balance, June 30, 2014	-	$	0.00
Issue of warrants	12,948,889	$	0.12
Balance, September 30, 2014	**12,948,889**	$	0.12
Issue of warrants	1,274,833	$	0.12
Balance, June 30, 2015	**14,223,722**	$	0.12
Balance, September 30, 2015	**14,223,722**	$	0.12

The weighted average remaining contractual life of warrants outstanding at September 30, 2015 was 0.92 years.

As at September 30, 2015 and June 30, 2015, the Company had outstanding warrants as follows:

	September 30, 2015		June 30, 2015	
Expiry Date	**Number of Warrants**	**Exercise Price**	**Number of Warrants**	**Exercise Price**
August 8, 2016	500,000	$ 0.10	500,000	$ 0.10
July 25, 2016 (i)	7,810,000	$ 0.12	7,810,000	$ 0.11
August 19, 2016 (ii)	4,638,889	$ 0.12	4,638,889	$ 0.11
May 16, 2017 (iii)	1,274,833	$ 0.10	1,274,833	$0.10

(i) 7,680,000 warrants issued exercisable at $0.10 per shares until July 25, 2015 and exercisable at $0.12 per share until July 25, 2016.

(ii) 4,638,889 warrants issued exercisable at $0.10 per shares until August 19, 2015 and exercisable at $0.12 per share until August 19, 2016.

(iii) 1,274,833 warrants issued exercisable at $0.10 per share until May 16, 2016 and exercisable at $0.12 per share until May 16, 2017.

7. SHARE-BASED PAYMENTS

The Company has a formal stock option plan in accordance with the policies of the TSX Venture Exchange (the “Exchange”) under which it is authorized to grant options to directors, officers, employees and consultants to purchase common shares of the Company. The stock option plan is a rolling plan and the maximum number of authorized but unissued shares available to be granted shall not exceed 10% of its issued and outstanding common shares. Each stock option granted is for a term not exceeding five years unless otherwise specified. Outstanding options vest immediately at date of grant. Options granted to investor relations personnel vest in accordance with Exchange regulations.

A summary of the status of the stock option plan and changes are presented below:

(Expressed in Canadian Dollars)

7. SHARE-BASED PAYMENTS – continued

	Number of Options		Weighted Average Exercise Price
Balance June 30, 2014	2,025,000	$	0.16
Options expired	-	$	0.00
Grant of options	1,600,000	$	0.15
Balance September 30, 2014	3,625,000	$	0.16
Options expired	(250,000)	$	0.15
Options forfeited	(600,000)	$	0.18
Balance June 30, 2015	2,775,000	$	0.15
Options exercised	-	$	0.00
Grant of options	-	$	0.15
Balance September 30, 2014	2,775,000	$	0.15

The weighted average remaining contractual life of options outstanding at September 30, 2015 was 2.90 years.

A summary of the status of the stock option plan and changes are presented below:

	September 30, 2015			June 30, 2015		
Expiry Date	**Exercise Price**	**Number of Options**	**Exercisable at Period-End**	**Exercise Price**	**Number of Options**	**Exercisable at Year-End**
May 3,2016	$ 0.20	250,000	250,000	$ 0.20	250,000	250,000
July 17, 2017	$ 0.15	925,000	925,000	$ 0.15	925,000	925,000
August 21, 2019	$ 0.15	1,600,000	1,600,000	$0.15	1,600,000	1,581,250
		2,775,000	2,775,000		2,775,000	2,756,250

The Company applies the fair value method in accounting for its stock options using the Black-Scholes option pricing model. During the three months ended September 30, 2015, the Company issued a total of Nil (2014- 1,600,000) incentive stock options resulting in stock-based compensation of $Nil (2014- $215,070).

Options Issued to Employees

The fair value at grant date is determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date, the expected price volatility of the underlying share, the expected dividend yield, expected forfeitures and the risk free interest rate for the term of the option.

Options Issued to Non-Employees

Options issued to non-employees are measured based on the fair value of the goods or services received, at the date of receiving those goods or services. If the fair value of the goods or services received cannot be estimated reliably, the options are measured by determining the fair value of the options granted using the Black-Scholes option pricing model.

The model inputs for options outstanding at September 30, 2015 include:

(Expressed in Canadian Dollars)

7. SHARE-BASED PAYMENTS – continued

Grant date	Expiry date	Share price at grant date	Exercise price	Risk-free interest rate	Expected life	Volatility factor	Dividend yield
July 17, 2012	July 17, 2017	$0.14	$0.15	1.20%	5 years	142%	0%
May 4, 2011	May 4, 2016	$0.20	$0.20	2.00%	5 years	100%	0%
August 21, 2014	August 21, 2019	$0.14	$0.15	1.20%	5 years	184%	0%

The expected volatility is based on the historical volatility (based on the remaining life of the options), adjusted for any expected changes to future volatility due to publicly available information. The risk free rate of return is the yield on a zero-coupon Canadian Treasury bill of a tem consistent with the assumed option life. The expected average option term is the average expected period to exercise, based on the historical activity patterns for each individually vesting tranche.

Option pricing models require the input of highly subjective assumptions, including the expected price volatility. Changes in these assumptions can materially affect the fair value estimate and, therefore, the existing models do not necessarily provide a reliable single measure of the fair value of the Company's stock options.

Total expenses arising from the share-based payment transactions recognized during the period as part of share-based compensation expense was $Nil (September 30, 2014: $215,070).

As at September 30, 2015 there was no amount (September 30, 2014: $Nil) of unrecognized compensation cost related to unvested share-based compensation.

Total expenses arising from the share-based payment transactions that were capitalized during the period as part of exploration and evaluation asset acquisition costs were $Nil (September 30, 2014: $Nil).

8. RELATED PARTY TRANSACTIONS

Related parties include the Board of Directors and officers, close family members and enterprises that are controlled by these individuals as well as certain consultants performing similar functions.

Related party transactions conducted in the normal course of operations are measured at the exchange value (the amount established and agreed to by the related parties).

The Company had the following transactions in the normal course of operations with related parties:

(Expressed in Canadian Dollars)

8. RELATED PARTY TRANSACTIONS – continued

	Three Months Ended	
Names	September 30, 2015	September 30, 2014
Management fees (i)	$ 9,000	$ 9,000
Office rent and supplies (ii)	4,500	7,500
Consulting fees (iii)	-	58,250
Share- based payments	-	120,977

(i) The Company accrued $Nil (2014 –$Nil) in management fees to the President of the Company; $9,000 (2014 - $9,000) to the CFO of the Company for accounting, administrative and corporate secretarial services; and $Nil (2013 –$Nil) in mineral property exploration consulting costs to the Chief Geologist.

(ii) The Company accrued $4,500 (2014 – $7,500) for rent, supplies and administrative expenses to private companies controlled by directors and officers of the Company related to the Company's offices in Ontario and British Columbia.

(iii) The Company paid consulting fees in the amount of $Nil (2014-$58,250) to three directors or entities controlled by directors of the Company.

Accounts payable and accrued liabilities include $135,526 (2014 - $92,831) due to related parties. These amounts are unsecured, non-interest bearing and have no fixed terms of repayment.

9. SUBSEQUENT EVENT

On October 16, 2015 Canyon Copper Corp. and the Company terminated the Agreement disclosed in Note 4. As a result the Company recorded impairment of the carrying amounts for the New York Canyon Copper property as at June 30, 2015 and as at September 30, 2015.