FRONTLINE GOLD CORPORATION

UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Canadian Dollars)

FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2017 and 2016

FRONTLINE GOLD CORPORATION
UNAUDITED CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian Dollars)

	As at September 30 2017 $	As at December 31 2016 $
ASSETS		
Current assets		
Cash	**394**	-
Short-term investments (Note 4)	**78,750**	750
Amounts receivable	**5,990**	3,505
Prepaid expenses	**3,219**	-
	88,353	4,255
Non-current assets		
Exploration and evaluation assets (Note 5)	**590,064**	500,660
Equipment	**4,424**	5,589
	682,841	510,504
LIABILITIES		
Current liabilities		
Bank indebtedness	**-**	25,785
Accounts payable and accrued liabilities	**1,318,882**	1,321,820
Loans payable (Note 6)	**245,827**	450,000
Amounts owing to related parties (Note 8)	**890,029**	602,457
Total Liabilities	**2,454,738**	2,400,062
SHAREHOLDERS' EQUITY		
Total Shareholders' Equity	**(1,771,897)**	(1,889,558)
Total Liabilities and Equity	**682,841**	510,504

See Nature of operations and going concern (Note 1 and Note 4)

These consolidated financial statements were authorized for issue by the Board of Directors on November 29, 2017. They are signed on the Company's behalf by:

"Walter Henry"
Director

"Tom Hussey"
Director

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

FRONTLINE GOLD CORPORATION
UNAUDITED CONDENSED CONSOLIDATED INTERIM STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(Expressed in Canadian Dollars)

	Three months ended September 30		**Nine months ended September 30**	
	2017	**2016**	**2017**	**2016**
	$	**$**	**$**	**$**
Expenses				
Consulting fees	**-**	-	-	1,500
Depreciation	**388**	542	1,165	1,629
Office and general	**-**	2,026	2,828	5,342
Interest and loan fees expense	**7,914**	556	28,941	1,443
Professional fees	**3,750**	(330)	11,250	7,170
Shareholder information and communications	**-**	-	574	3,223
Share transfer, listing and filing fees	**2,050**	3,238	9,690	13,876
Share-based payments	**-**	77,000	128,333	77,000
Travel and business development	**-**	-	113	3,653
	14,102	83,032	182,894	114,836
Other expenses (recoveries)				
Foreign exchange loss (gain)	**(10,078)**	3,852	(19,221)	(17,624)
Unrealized loss (gain) on short-term investments	**78,500**	(250)	42,000	(875)
Loss on sale of short-term investments	**-**	-	-	-
Loss (gain) on optioning of properties	**-**	-	(195,000) -	-
Other income (Note 6)	**-**	(20,000)	-	(36,000)
Reversal of prior year's expenses	**-**	-	-	(93,087)
Gain on debt settlement	**-**	-	-	-
Net loss (gain) and comprehensive loss (gain) for the period	**82,524**	66,634	10,673	(32,750)
(Earnings) Loss per share – basic and diluted	**0.00**	0.00	0.00	(0.00)
Weighted average number of shares outstanding – basic and diluted	**140,463,361**	140,463,361	140,463,361	140,463,361

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

FRONTLINE GOLD CORPORATION
UNAUDITED CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(Expressed in Canadian Dollars)

	Common Shares Without Par Value		Treasury	Share-based Payments		Total
	Shares	Amount	Shares	Reserve	Deficit	Equity
	#	$	$	$	$	$
Balance, December 31, 2016	140,463,361	13,593,633	(73,548)	1,627,935	(17,037,577)	(1,889,557)
Share-based payments	-	-	-	128,333		128,333
Net gain for the period	-	-	-	-	(10,673)	(10,673)
Balance, September 30, 2017	**140,463,361**	**13,593,633**	**(73,548)**	**1,756,268**	**(17,048,250)**	**(1,771,897)**
Balance, December 31, 2015	140,463,361	13,593,633	(73,548)	1,486,768	(15,959,493)	(952,640)
Share-based payments	-	-	-	77,000	-	77,000
Net gain for the period	-	-	-	-	32,750	32,750
Balance, September 30, 2016	**140,463,361**	**13,593,633**	**(73,548)**	**1,563,768**	**(15,926,743)**	**(842,890)**

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

FRONTLINE GOLD CORPORATION
UNAUDITED CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS
(Expressed in Canadian Dollars)

	Nine months ended September 30	
	2017	2016
	$	$
Cash provided by (used in) the following activities		
Operating:		
Net income (loss) for the period	**(10,673)**	32,750
Adjustments:		
Depreciation	**1,165**	1,629
Income from optioning property	**(75,000)**	-
Share-based payments	**128,333**	77,000
Unrealized gain on short-term investments	**42,000**	(875)
Reversal of prior year's payables	**-**	(93,087)
Change in non-cash working capital items:		
Amounts receivable	**(2,485)**	2,787
Prepaid expenses	**(3,219)**	(1,300)
Accounts payable and accrued liabilities	**(2,937)**	(87,771)
Related party loan	**287,572**	29,139
	364,756	(39,728)
Investing:		
Expenditures on exploration and evaluation assets	**(89,404)**	(331,861)
	(89,404)	(331,861)
Financing:		
Third party loan	**-**	450,000
Repayment of loans	**(204,173)**	-
Optioning of mineral properties	**(45,000)**	-
	(249,173)	450,000
Net change in cash for the period	**26,179**	78,411
Cash, beginning of the period	**(25,785)**	(89)
Cash, end of the period	**394**	78,322

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

1 NATURE OF OPERATIONS AND GOING CONCERN

Frontline Gold Corporation ("the Company") was incorporated under the Canada Business Corporations Act on January 16, 2008 and completed an initial public offering on March 23, 2009. The address of the Company's corporate office and principal place of business is 1 Toronto Street, Suite 201, Box 10, Yonge Street, Toronto, Ontario, Canada.

The Company is in the process of exploring mineral properties in Canada, Mali and Turkey and has not yet determined whether these properties contain economic reserves. To date, the Company has not earned production revenue and is considered to be in the development stage.

The Company's consolidated financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the settlement of liabilities and commitments in the normal course of business. The Company has incurred net losses to date and as at September 30, 2017 has a working capital deficiency of $2,366,385 (December 31, 2016 - $2,395,807).

Management cannot provide assurance that the Company will ultimately achieve profitable operations or become cash flow positive, or raise additional debt and/or equity capital. Management intends to continue to raise additional funding in the form of equity financing from the sale of common stock and/or monetization of assets to improve the working capital position (see Note 9), but there is no assurance that the Company will be successful in achieving these goals. These factors may cast significant doubt on the use of the going concern basis of accounting used in the preparation of these consolidated financial statements. These financial statements do not include any adjustments to the amounts and classifications of assets and liabilities that might be necessary should the Company be unable to continue in business, and these adjustments may be material.

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

a) Statement of Compliance

These unaudited condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") applicable to the preparation of interim financial statements, including International Accounting Standard 34 Interim Financial Reporting ("IAS 34"). The accounting policies used in the preparation of these condensed consolidated interim financial statements are consistent with the accounting policies disclosed in the Company's December 31, 2015 annual consolidated financial statements. These condensed consolidated interim financial statements do not include all of the information required for full annual financial statements and should be read in conjunction with the Company's December 31, 2015 year end consolidated financial statements. These condensed consolidated interim financial statements were authorized for issue by the Board of Directors on May 30, 2016.

b) New Accounting Policies

IFRS 13, Fair value measurement, was adopted January 1, 2013 and is a comprehensive standard for fair value measurement and disclosure requirements across all IFRS standards. The new standard clarifies that fair value is the price that would be received to sell an asset, or paid to transfer a liability in an orderly transaction between market participants, at the measurement date. It also establishes disclosures about fair value measurement. Under previous IFRS, guidance on measuring and disclosing fair value was dispersed among value measurements and in many cases did not reflect a clear measurement basis or consistent disclosures.

c) Accounting Standards Issued but not yet Effective

IFRS 9, Financial instruments, introduces new requirements for the classification, measurement and derecognition of financial instruments. Specifically, IFRS 9 requires all recognized financial assets that are within the scope of IAS 39 Financial Instruments: Recognition and Measurement to be subsequently measured at amortized cost or fair value. IFRS 9 is effective for annual periods beginning on or after January 1, 2015, with earlier application permitted.

International Accounting Standard 32, Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32) ("IAS 32"), clarifies the application of the offsetting requirements. The amendments are effective for annual periods beginning on or after January 1, 2014, with earlier application permitted.

(Expressed in Canadian Dollars)

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Disclosures – Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS 7) outlines new disclosure requirements that enable users of the financial statements to better compare financial statements prepared in accordance with IFRS and US Generally Accepted Accounting Principles.

3 CAPITAL MANAGEMENT

The Company's objective when managing capital is to maintain adequate levels of funding to support the acquisition and exploration of mineral properties and maintain the necessary corporate and administrative functions to facilitate these activities. The Company's definition of capital is shareholders' equity and working capital.

The properties in which the Company currently has an interest are in the exploration stage; as such, the Company is dependent on external financing, primarily equity financing, to fund its activities. There can be no assurance that the Company will be able to continue to raise capital in this manner. To carry out the planned exploration and fund administrative costs, the Company will raise additional amounts as needed. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it believes there is sufficient geologic and economic potential and if it has adequate financial resources to do so. There were no changes to the Company's approach to capital management during the period. The Company is not subject to externally imposed capital requirements.

4 SHORT-TERM INVESTMENTS

	Number of Shares	Historical Cost	**Fair Value September 30, 2017**	Fair Value December 31, 2016
Granite Creek Gold Ltd.	25,000	$ 2,000	**$ 750**	$ 750
Pacton Gold Inc.	1,200,000	120,000	**78,000**	-
		$ 122,000	**$ 78,750**	$ 750

These investments are classified as fair value though profit or loss and measured at fair value with fair value gains and losses recognized in income.

5 EXPLORATION AND EVALUATION ASSETS

	Balance December 31, 2016 $	Acquisition Costs	Exploration Expenditures $	Write-down $	**Balance September 30, 2017 $**
Niaouleni Gold Project	-	-	30,500	-	**30,500**
Red Lake – Birch Lake	52,113	10,000	-	-	**62,113**
Chukuni Property	18,900	15,000	10,700	-	**44,600**
Whitehorse Property	2,112	-	-	-	**2,112**
Rainy River Property	33,000	5,000	1,500	-	**39,500**
Kambertepe Property	167,018	-	-	-	**167,018**
Keban Property	200,518	-	-	-	**200,518**
Giresun Property	21,000	-	-	-	**21,000**
Other Ontario Property	6,000	-	16,703	-	**22,703**
	500,660	30,000	59,403	-	**590,064**

Niaouleni Gold Project

The Company holds a 100% interest in two contiguous exploration permits (the "Niaouleni Gold Project") in Mali, West Africa. The permits are subject to a 5% Net Profit Royalty and a 2% Net Smelter Return Royalty ("NSR"). The 2% NSR is convertible at the election of the holder or the Company into 5,000,000 shares of the Company.

5 EXPLORATION AND EVALUATION ASSETS (Continued)

During 2014, the Company entered into an option agreement with Granite Creek Gold Ltd. ("Granite Creek"). Granite Creek can acquire an initial 65% interest in the permits by completing US$600,000 in exploration expenditures over a three-year period (the "earn-in period").

Pursuant to the option agreement, Granite Creek issued 25,000 common shares to the Company for a 60-day exclusivity on the option to complete due diligence. In 2015, Granite Creek relinquished its right to the option.

For the nine months ended September 30, 2017 the company incurred $30,500 in exploration expenditures.

Poly Property

On August 8, 2010, the Company optioned mineral tenures in the Skeena Mining Division, British Columbia (the "Poly Property"). Pursuant to the option agreement (the "Poly Agreement"), the Company may acquire an initial 70% interest in the Poly Property by paying $165,000, issuing 325,000 common shares and incurring $1,500,000 of exploration expenditures.

During the year ended December 31, 2015, the Company has determined that the property was fully impaired and as such, the carrying value was written down to $Nil.

Stewart Property

On August 8, 2010, the Company optioned mineral claims in the Deltaic Creek area of the Skeena Mining Division, British Columbia (the "Stewart Property"), including the Funk Tenures which are subject to an underlying option agreement (the "Funk Option"). Pursuant to the option agreements, the Company may acquire an initial 70% interest in the Stewart property by paying $230,000, issuing 575,000 common shares, and incurring $1,500,000 of exploration expenditures.

During the year ended December 31, 2015, the Company has determined that the property was fully impaired and as such, the carrying value was written down to $Nil.

Mill Tenures

In 2012, the Company signed an option agreement to acquire the Mill Tenures, comprising approximately 613 hectares in 2 mineral tenures strategically located on the east side of the Poly Property, for cash payments totaling $50,000 and the issuance of 125,000 common shares, all over four years. The Mill Tenures are subject to a 2% NSR royalty and the Company has the option to buy-back the 2% for $1,000,000 at any time during the four-year option period.

During the year ended December 31, 2015, the Company has determined that the property was fully impaired and as such, the carrying value was written down to $Nil.

Red Lake-Birch Lake

The Company holds a 100% interest in mineral claims in the Red Lake-Birch Lake District in Northwestern Ontario, approximately 80 kilometres east-northeast of the town of Red Lake.

During 2014, UC Resources Ltd. ("UC") signed a letter of intent to acquire the 100% interest in the Red Lake-Birch Lake claims by issuing 100,000 common shares to the Company as a non-refundable deposit. However, UC did not proceed with the acquisition and the Company kept the non-refundable deposit of 100,000 shares.

Chukuni Property

During 2015, the Company had, subject to regulatory approval, negotiated an option to purchase up to a 100% interest in the Chukuni property ("Chukuni"), subject to a 0.5% net smelter returns royalty. The property is comprised of six contiguous claims, totaling 2,720 acres on 68 claim units, which is located along the south and western boundaries of Goldcorp Inc.'s ("Goldcorp") Red Lake Gold Mine in the Red Lake Gold District, Ontario.

5 EXPLORATION AND EVALUATION ASSETS (Continued)

To exercise its option and acquire up to a 100% interest in the claims, the Company must issue a total of 150,000 shares over two years and pay the Optionor a total of $72,000 (of which $7,000 is due on signing (paid), $10,000 is due on the first anniversary date of signing, $15,000 is due on the second anniversary, $20,000 is due on the third anniversary and $20,000 is due on the fourth anniversary). If the Company acquires the claims and begins commercial production on any part of the claims, it will pay a 0.5% net smelter returns royalty. The Company may repurchase one-half of the royalty for $500,000.

For the nine months ended September 30, 2017 the company paid $15,000 in option payments and spent $10,700 on exploration expenditures.

Whitehorse Property
During 2015, the Company had, subject to regulatory approval, acquired a 100% interest in the Whitehorse Island property ("Whitehorse"), which hosts the Whitehorse Island gold shaft. The property comprised of two contiguous claims, totalling 35.55 hectares, is strategically situated between Goldcorp/Premier Gold's Rahill-Bonanza Gold Property to the North-east and Premier Gold's Hasaga Gold property to the south west. The Whitehorse Island mining patents were previously owned by Grandview Gold Inc. On August 31, 2015, the Company entered into a binding Letter of Intent with Abitibi Royalties Inc. to sell a 2% net smelter royalty (“NSR”) on the property and 15% of any cash proceeds should the property be sold or joint ventured. Abitibi Royalties Inc. has paid the Company $10,000.

On May 17, 2017 the Company announced it had executed an Option Agreement with Pacton Gold Inc. ("Pacton", TSXV: PAC) wherein, Pacton has the option to acquire a 100% percent interest in the Company's Red Lake Property Group, in the Red Lake District, by making certain payments and share issuances to Frontline.

Frontline's Red Lake Property Group comprises 34 mineral claims and 2 mineral patents, totaling 274 claims units for a total area of approximately 4,420 hectares. The Red Lake Property Group primarily consists of 3 properties: 1) Baird/Heyson mineral claims ("Baird/Heyson Property"), 2) the Chukuni package, and 3) the Whitehorse Island Patents ("Whitehorse Property"):

Terms of the Option Agreement

Pacton will have the option to acquire a 100 percent interest in the Red Lake Property Group from Frontline by making four (4) cash payments totaling $300,000, and issuing a total of 4,200,000 common shares to Frontline over a three (3) year period. Frontline's Red Lake Property Group retains a 2.25% net smelter returns royalty, with Frontline's net smelter returns royalty ranging from 0.25% to 2.25% on all the mineral claims and mineral patents. Pacton can purchase one-half (1/2) of Frontline's royalty by payment of $250,000 for each 0.25% of Frontline's Royalty.

The acquisition of the Red Lake Property Group by Pacton was approval by the TSX Venture Exchange. The Company has received from Pacton the first payment of $75,000 and 1,200,000 common shares during June 2017.

Rainy River Property

During 2015, the Company had acquired an option to acquire a 100% interest in the Rainy River property (“Rainy River”) which is comprised of fifteen contiguous claims located in the Kenora township in Ontario. The property is subject to a net smelter returns royalty of 2% on six of the claims and 1% on the remaining nine claims.

To exercise its option and acquire up to a 100% interest in the claims, the Company must issue a total of 500,000 shares over four years and pay the Optionor a total of $70,000 (of which $10,000 is due on February 1, 2016 ($3,000 paid), $10,000 is due on the first anniversary date of signing, $12,000 is due on the second anniversary, $12,000 is due on the third anniversary, and $26,000 is due on the fourth anniversary).

The Company may repurchase one-half of the 2% royalty for $1,000,000 and one-half of the 1% royalty for $250,000.

The Company acquired an option to acquire a 100% interest in 6 additional claims in the Rainy River property subject to regulatory approval. The 6 claims consist of 79 units and are located within the Company’s Rainy River property group. The property is subject to a 1% net smelter returns royalty.

5 EXPLORATION AND EVALUATION ASSETS (Continued)

To exercise its option and acquire up to 100% interest in the claims, the Company must issue a total of 500,000 shares and pay the Optionor a total of $28,000 (of which $2,000 was paid on signing ("Initial Payment"), an additional $3,000 within 30 days of the Initial Payment, an additional $3,000 within 60 days of the initial payment, $7,500 due on the first anniversary date of signing, $7,500 is due on the second anniversary, and $5,000 is due on the third anniversary).

The Company may repurchase the 1% NSR royalty for $250,000.

<u>Menderes Gold Project</u>

In 2009, the Company acquired from Merrex Gold Inc. ("Merrex"), a strategic alliance with Agean, a Turkish corporation, for the exploration for gold in western Turkey and a 90% interest in a Turkish subsidiary, now Frontline Gold Madencilik San.Ve Tic. Ltd. Sti. ("Frontline Turkey"), which held twelve early-stage exploration permits in Turkey. On February 5, 2013, the Company issued 1,500,000 common shares to acquire the remaining 10% ownership of Frontline Turkey.

In 2010, the Company optioned from Ena Mining Limited ("Ena") two additional exploration permits at Efemçukuru, Turkey. The two new permits at Efemçukuru are subject to a 2% NSR of which 50% may be acquired by the Company for $1,000,000.

The Company earned a 100% interest in the permits by paying Ena a total of USD$225,000 over three years, of which USD$125,000 was paid to date and USD$100,000 due on December 31, 2012 with six monthly payments totalling $110,000, of which $20,000 was paid in January 2013. On May 22, 2013, the Company issued 2,500,000 common shares to settle the remaining option payments of $90,000.

During the year ended December 31, 2014, the Company has determined that the property was fully impaired and as such, the carrying value was written down to $Nil.

On July 20, 2015, the Company entered into a binding Letter of Intent with Abitibi Royalties Inc. to sell a 1% net smelter royalty ("NSR") on the property. Abitibi Royalties Inc. has paid the Company $20,000.

On February 5, 2016, the Company entered into a binding Letter of Intent with Abitibi Royalties Inc. to sell an additional 1% net smelter royalty ("NSR") on the property. Abitibi Royalties Inc. has paid the Company $16,000.

Giresun Tailings Project

On December 27, 2016 the Company acquired the fully through a Tender Process the fully permitted Giresun Tailings Project for the processing of the tailings, which is located in the Giresun Province of Turkey in the Black Sea Region of northeastern Turkey, about 500 kms north of the city of Elazig.

The Giresun Tailings were acquired for 54,500 TL, approximately $21,000.

6 LOANS PAYABLE

On April 27, 2016 the Company received $250,000 in an unsecured loan from two non-arm's length investors. On June 27, 2016 the Company received an additional $200,000 from these investors. The loans are to be repaid in 12 monthly instalments of $37,500 beginning in November 2016. The loan bears interest at 12%. In the event the Company defaults on any payment of interest or principal when due, the interest rate shall increase to 18% with the unpaid balance of the loan becoming payable on demand.

In addition, the Investors are also entitled to receive royalty payments "(Royalties") from the Company. The Royalties shall be calculated as 3.5% of the "Net Proceeds", as defined below, received by the Company from the Keban and Kambertepe tailings projects in Turkey (the "Tailings Projects"). Net Proceeds shall mean the gross revenue received by the Company or any of its subsidiaries from the sale of metals or any other products derived from the Tailings Projects after deducting the excavating and transportation costs and processing costs.

6 LOANS PAYABLE (continued)

The Company has the right to buy back 0.5% of the Royalty (in which case the outstanding royalty will drop to 3%) one year after the first royalty payment has been made at a purchase price of $100,000. The right is exercisable for a period of 30 days after which it shall expire and terminate if not exercised by the Company.

7 RELATED PARTY TRANSACTIONS

Payments to key management personnel including the Chief Executive Officer, Chief Financial Officer, and Directors and companies directly controlled by key management personnel are for salaries, director fees, consulting fees, management fees or professional fees and are directly related to their position in the organization.

The Company is related to Merrex Gold Inc. ("Merrex") by way of common directors and shared staff, rent and office costs in Mali to February 28, 2013. The balance owing to Merrex as at December 31, 2015 for the Company's portion of shared costs is $259,907 (2014 - $259,907). The amount of the payable was subject to mutual agreement of the Company's share of costs in Mali. The amount due was agreed between the parties during 2013 and a reduction of $278,092 was credited to the Naouleni project during 2013. The amount payable to Merrex is non-interest bearing with no fixed terms of repayment.

The Company has a loan agreement to borrow from its President and Chief Executive Officer. The loan is unsecured and non-interest bearing with no fixed terms of repayment.

Included in amounts owing to related parties are additional amounts owing to directors, officers, and corporations in which directors and officers are shareholders totalling $266,828 (2016 - $225,827); and $363,294 (2016 - $118,394) owing to the President and Chief Executive Officer. In 2015, directors agreed to write-off their management fees owing from prior years totalling $438,333.

Related party transactions are in the ordinary course of business, and are measured at the amount agreed to by the related parties.

8 SHARE CAPITAL

Authorized

Unlimited number of common shares, without nominal or par value.

Issued during 2015:

On March 10, 2015, the Company issued 14,376,688 common shares to satisfy the share component of the Poly Property "Agreement".

On March 24, 2015, the Company issued 330,000 common shares to settle the 2013 and 2014 share issuance requirement for the Poly Property, Stewart Property, and Mill Tenures Property.

These shares were held by the Company and will be returned to treasury and cancelled.

Share Purchase Warrants

There was no change in warrants during the nine months ended September 30, 2017.

Share Purchase Options

The Company adopted a stock option plan under which it is authorized to grant options to officers, directors, employees and consultants enabling them to acquire up to 10% of the issued and outstanding common shares of the Company. The options can be granted for a maximum of 10 years and vest as determined by the Board of Directors.

During 2015, the Company cancelled all outstanding stock options.

8 SHARE CAPITAL (continued)

During 2016, the Company issued 10,500,000 share purchase options. Share-based payments expense of $141,167 was charged to the statement of loss. The compensation charge for the options issued was based on the fair value of the options at the date of grant using the Black-Scholes option pricing model. The weighted-average assumptions used to fair value the options issued during the period were a risk free rate of 0.54%, expected volatility of 150%, expected life of 5 years and a dividend yield of 0%.

There was no change to stock options during the nine months ended September 30, 2017.

	Number of Options	Weighted-Average Exercise Price $
At December 31, 2014	6,970,000	0.16
Cancelled	(6,970,000)	(0.16)
At December 31, 2015	-	-
Issued	10,500,000	0.05
At December 31, 2016 and September 30, 2017	**10,500,000**	0.05

9 FINANCIAL RISK MANAGEMENT

The Company's risk exposures and the impact on the Company's financial instruments are summarized below.

Credit Risk

The Company has no significant credit risk arising from operations. The Company's credit risk is primarily attributable to cash. The Company holds its cash with a Canadian chartered bank and the risk of default is considered to be remote.

Liquidity Risk

Liquidity risk is the risk that the Company will be able to meet its financial obligations as they fall due (Note 1). The Company's approach to managing liquidity risk is to ensure it will have sufficient liquidity to meet liabilities when due. The Company's accounts payable and accrued liabilities are due within one year. As at September 30, 2017, the Company has a working capital deficiency of $2,269,249 (December 31, 2016 – deficiency of $2,395,807) to settle current liabilities of $2,366,385 (December 31, 2016 - $2,400,062). In addition to the normal working capital requirements, the Company has further payment requirements under option agreements and to maintain its interests in its mineral properties that are outlined in Note 5 Exploration and Evaluation Assets.

Interest Rate Risk

Interest rate risk is the risk that the value of the Company's assets and liabilities can change due to a change in interest rates. The Company considers interest rate risk related to cash to be low.

Foreign Currency Risk

The Company conducts exploration activities in foreign countries and a portion of exploration expenditures are transacted in US dollars, CFA francs and Turkish Lira. The Company is exposed to risk of major changes in these currencies relative to the Canadian dollar.

Sensitivity Analysis

Certain of the Company's exploration and administrative expenditures are paid in US dollars, CFA francs, British Pounds and Turkish Lira. As at September 30, 2017, the Company had $198,879 in accounts payable denominated in CFA francs and converted to Canadian dollars, $249,600 in accounts payable denominated in US dollars and converted to Canadian dollars, $15,842 in accounts payable denominated in

9 FINANCIAL RISK MANAGEMENT (continued)

British pounds and converted to Canadian dollars, and $159,724 in accounts payable denominated in Turkish Lira and converted to Canadian dollars. A ten percent change in the exchange rates would affect the Company's working capital by approximately $70,000.

10 SEGMENTED REPORTING

The Company has one reportable operating segment, being that of acquisition, exploration and evaluation of mineral properties.

11 SUBSEQUENT EVENTS

On October 24, 2017, the Company acquired a 100% interest in six mineral claims, covering approximately 736 hectares, primarily located within the Jubilee Lake and Birkett townships of Northwestern Ontario's Red Lake Mining Division. The Company must pay the Optionor a total of $16,500 (of which a total of $15,000 is due in years 1 to 3 of the option agreement) and grant the Optionor a 2% net smelter returns royalty. The Company has paid $1,500.