SPADA GOLD LTD.

CONDENSED INTERIM FINANCIAL STATEMENTS

For the three and six months ended June 30, 2016

(Unaudited)

NOTICE TO READER

The accompanying unaudited condensed interim financial statements for the three and six months ended June 30, 2016 have been prepared by management and approved by the Board of Directors of the Company. These financial statements have not been reviewed by the Company's auditors.

SPADA GOLD LTD.
Condensed Statements of Financial Position
(Stated in Canadian Dollars)
(Unaudited)

ASSETS

		June 30, 2016		December 31, 2015
Current				
Cash	$	409,448	$	284,526
GST receivable		1,656		7
	$	411,104	$	284,533

LIABILITIES

Current				
Accounts payable and accrued liabilities	$	9,919	$	16,096

SHAREHOLDERS' EQUITY

Share capital – Note 6	$	445,002	$	300,000
Reserves – Note 6		17,052		-
Deficit		(60,869)		(31,563)
		401,185		268,437
	$	411,104	$	284,533

Going Concern - Note 2

APPROVED ON BEHALF OF THE BOARD:

"Ron Ho" Director *"Chris Buss"* Director

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

SPADA GOLD LTD.

Condensed Statement of Loss and Comprehensive Loss

(Stated in Canadian Dollars except for share amounts)

(Unaudited)

	Three months ended June 30, 2016	Six months ended June 30, 2016
General and administrative expenses		
Audit and accounting fees	$ -	$ 2,000
Legal fees	-	500
Listing fees	11,611	15,289
Share-based compensation	11,439	11,439
Bank charges	30	78
Net loss and comprehensive loss for the period	$ (23,080)	$ (29,306)
Weighted average number of common shares outstanding	7,692,309	6,806,284
Basic and diluted loss per share	$ (0.01)	$ (0.01)

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

SPADA GOLD LTD.

Condensed Statements of Changes in Shareholders' Equity

(Stated in Canadian Dollars, except share amounts)

(Unaudited)

	Shares	Share Capital	Deficit	Reserves	Total
Balance at December 31, 2015	6,000,001	$ 300,000	$ (31,563)	-	$ 268,437
Share issuance for private placement	2,000,000	$ 200, 000	-	-	$ 200,000
Share issue costs		(54,998)		$ 5,613	(49,385)
Share-based payments	-	-	-	11,439	11,439
Comprehensive loss for the period			(29,306)		(29,306)
Balance at June 30, 2016	8,000,001	$ 445,002	$ (60,869)	$ 17,052	$ 401,185

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

SPADA GOLD LTD.
Condensed Statement of Cash Flows
(Stated in Canadian Dollars)
(Unaudited)

	Three months ended June 30, 2016	Six months ended June 30, 2016
Operating activities:		
Net loss for the period	$ (23,080)	$ (29,306)
Stock compensation expense	11,439	11,439
Changes in non-cash working capital items:		
Increase in GST receivable	(1,399)	(1,649)
decrease in accounts payable and accrued liabilities	(3,677)	(6,177)
Cash used in operating activities	16,717	(25,693)
Financing activities:		
Proceeds from issuance of common shares	200,000	200,000
Share issuance costs	(49,385)	(49,385)
Cash provided by financing activities	150,615	150,615
(Decrease) / increase in cash	133,898	(124,922)
Cash, beginning of the period	275,550	284,526
Cash, end of the period	$ 409,448	$ 409,448
Supplemental disclosure of cash flow information:		
Interest paid in cash	-	-
Income taxes paid in cash	-	-

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

Note 1 Nature of Operations

Spada Gold Ltd. (the "Company") was incorporated under the Business Corporations Act of British Columbia on June 23, 2015. The Company intends to engage in the acquisition and exploration of mineral properties in Canada.

The head office, principal address and registered office of the Company are located at Suite 2302, 989 Beatty Street, Vancouver, British Columbia, V6Z 3C2.

These financial statements were authorized for issue by the board of directors of the Company on August 4, 2016.

Note 2 Going Concern

These financial statements have been prepared on the basis of accounting principles applicable to a going concern which assumes the Company will be able to continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations.

The Company has incurred operating losses to date and has no source of revenues. The Company's ability to continue as a going concern is dependent upon raising additional capital to acquire mineral properties and develop a profitable business. These factors indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

These financial statements do not reflect adjustments that would be necessary if the going concern assumption was not appropriate. If the going concern assumption was not appropriate for these financial statements, adjustments would be necessary to the statement of financial position classifications used. Such adjustments could be material.

Note 3 Basis of Presentation

<u>Statement of Compliance</u>

These condensed interim financial statements, have been prepared in accordance with International Accounting Standards ("IAS") 34 Interim Financial Reporting ("IAS 34") using accounting policies consistent with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and interpretations of the IFRS Interpretations Committee ("IFRIC"). These condensed 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 Company's December 31, 2015 financial statements.

<u>Basis of Presentation</u>

These financial statements have been prepared on a historical cost basis except for certain financial instruments which are measured at fair value and presented in Canadian dollars which is the functional currency of the Company. All amounts are rounded to the nearest dollar.

Note 3 Basis of Presentation – (cont'd)

Critical accounting estimates and judgements

The preparation of these financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, and income and expenses.

Although management uses historical experience and its best knowledge of the amount, events or actions to form the basis for judgments and estimates, actual results may differ from these estimates.

Estimates:

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and further periods if the review affects both current and future periods. The most significant accounts that require estimates as the basis for determining the stated amounts include the valuation of deferred income tax and fair value of share-based compensation.

Judgements:

Critical judgments exercised in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements include the assessment of the Company's ability to continue as a going concern and the recoverability of the Company's deferred tax assets.

Note 4 Significant Accounting Policies

Cash and cash equivalents

Cash is comprised of cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments with maturities within three months when acquired. The Company did not have any cash equivalents as of June 30, 2016 and December 31, 2015.

Income taxes

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used are those that are substantively enacted by the end of the reporting date.

Deferred income tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financing reporting. The change in the net deferred income tax asset or liability is included in income except for deferred income tax relating to equity items which is recognized directly in equity. The income tax effects of differences in the periods when revenue and expenses are recognized, in accordance with Company accounting practices, and the periods they are recognized for income tax purposes are reflected as deferred income tax assets or liabilities. Deferred income tax assets and liabilities are measured using the substantively enacted statutory income tax rates which are expected to apply to taxable income in the years in which the assets are realized or the liabilities settled. A deferred income tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized.

Note 4 Significant Accounting Policies – (cont'd)

Deferred income tax assets and liabilities are offset only if a legally enforceable right exists to offset current tax assets against liabilities and the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on the same taxable entity and are intended to be settled on a net basis.

The determination of current and deferred taxes requires interpretations of tax legislation, estimates of expected timing of reversal of deferred tax assets and liabilities, and estimates of future earnings.

Loss per Share

Basic loss per share is computed by dividing the net loss available to common shareholders by the weighted average number of common shares issued and outstanding during the period. Diluted loss per share is calculated assuming that outstanding share purchase options, with an average market price that exceeds the average exercise prices of the options and warrants for the period, are exercised and the proceeds are used to repurchase shares of the Company at the average market price of the common shares for the period.

At June 30, 2016, the outstanding stock options and warrants of the Company would be anti-dilutive.

Financial instruments

Financial instruments are defined as any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. The Company recognizes financial assets and financial liabilities when it becomes a party to the contractual provisions of the instrument.

Financial instruments are classified as fair value through profit or loss ("FVTPL") when they are held for trading. A financial instrument is held for trading if it was acquired for the purpose of selling in the near term. Financial instruments classified as FVTPL are stated at fair value with any changes in fair value recognized in earnings for the period. The Company's cash and cash equivalents are classified as FVTPL.

Financial liabilities

Financial liabilities are initially recorded at fair value, net of transaction costs, and are subsequently measured at amortized cost using the effective interest method. The Company's accounts payable are classified as financial liabilities.

Share-based compensation

The stock option plan allows the Company employee and directors to acquire shares of the Company. The fair value of the option granted is recognized as share-based compensation expense with a corresponding increase in equity. Consideration paid on the exercise of the stock options is credited to share capital and the fair value of the options is reclassified from reserves to share capital. In situations where equity instruments are issued to non-employees and some or all of the services received by the entity as consideration cannot be specifically identified, they are all measured at the fair value of the share-based payment; otherwise share-based compensation of measured at the fair value of the services received. The fair value is measured at grant date and each tranche is recognized over the period during which options vest. The fair value of the options

Note 4 Significant Accounting Policies – (cont'd)

granted is measured using the Black Scholes options pricing model taking into account the terms and conditions upon which the options were granted. At each financial position reporting date, the amount recognized as an expense is adjusted to reflect the number of stock options that are expected to vest.

Note 5 Related party transactions

During the three month and six month period ended June 30, 2016, the following related party transactions occurred:

- An officer and director of the Company subscribed for 37,500 in common shares for gross proceeds of $3,750.
- One individual director subscribed for 34,500 in common shares for gross aggregate proceeds of $3,450.

Note 6 Share Capital

a) Authorized: The Company is authorized to issue an unlimited number of common shares with no par value.

b) Issued: 8,000,001 common shares.

c) Escrowed: Included in share capital are 6,072,001 common shares held in escrow. These common shares will be fully released April 13, 2019. These escrow shares may not be transferred, assigned or otherwise dealt without the consent of the regulatory authorities.

Initial Public Offering

On April 14, 2016, the Company completed an initial public offering of 2,000,000 shares as a capital pool company at a price of $0.10 per share for gross proceeds of $200,000.

Warrants

As part of the initial public offering, the Company issued 200,000 warrants to the agent, with an exercise price of $0.10 and a 24 month expiry from the offering. The warrants were issued at a value of $5,613 using the Black-Scholes pricing model using the following assumptions: a risk free rate of 0.60%, an expected volatility of 50%, an expected life of 2 years and an expected dividend of zero.

Stock Options

The Company issued 400,000 incentive stock options following the completion of the initial public offering, of which 200,000 are exercisable with an exercise price of $0.10 and expire 5 years from the issuance.

(Stated in Canadian dollars)

Note 6 Share Capital – (cont'd)

Share-based compensation expense of stock options granted for the three and six month period ended June 30, 2016 has been estimated using an the Black-Scholes pricing model. Assumptions used in the pricing model are as follows:

	June 30, 2016
Average risk-free interest rate	0.75%
Expected life	Five years
Expected volatility	50%
Expected dividends	Nil

The granted options were accounted for using the fair value-based methodology and had a fair value of $17,386. Of this amount, $11,439 has been recorded as share based compensation expense for the three and six months ended June 30, 2016.

Note 7 Financial Instruments and Risk Management

Financial instruments

Financial instruments recorded at fair value on the statement of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels: Level 1 – valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities; Level 2 – valuation techniques based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and Level 3 – valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

As at June 30, 2016 and December 31, 2015, the Company's financial instruments consist of cash and accounts payable. Their fair values approximate their carrying amounts due to the short-term nature of these instruments. Cash is recorded at fair value on a recurring basis using a level 1 measurement.

Credit risk

The Company's credit risk was primarily attributable to bank balances. The Company limits its credit exposure on cash held in bank accounts firstly by holding its key transactional bank accounts with banks of international financial institutions. Significant credit risk exposures to any single counterparty or group of counterparty having similar characteristics were as follows:

	June 30, 2016	**December 31, 2015**
Bank deposit: Scotiabank	$409,448	$284,526

(Stated in Canadian dollars)

Note 7 Financial Instruments and Risk Management – (cont'd)

The carrying amount of financial assets recorded in the financial statements, net of any allowances for losses, represents the Company's maximum exposure to credit risk. Management believes the risk of loss to be minimal.

Interest rate risk

The Company's interest rate risk arises primarily from the interest received on cash. No material risks were identified.

Other risks

None of the Company's future cash flows of financial instruments are subject to change from other price changes and currency risks.

Capital Risk Management

The Company manages its capital to maintain its ability to continue as a going concern and to provide returns to shareholders and benefits to other stakeholders. The capital structure of the Company consists of equity comprised of issued share capital and deficit.

The Company manages its capital structure and makes adjustments to it in light of economic conditions. The Company, upon approval from its Board of Directors, will balance its overall capital structure through new share issues or by undertaking other activities as deemed appropriate under the specific circumstances.

The Company is not subject to externally imposed capital requirements as at June 30, 2016 or December 31, 2015

Note 8 Income Taxes

The provision for income taxes differs from the amount that would be obtained by applying the statutory income tax rate to loss before income taxes due to:

		June 30, 2016		December 31, 2015
Net Loss before income taxes for the year	$	(29,306)	$	(31,563)
Expected tax recovery at a combined federal and provincial rate of 26.0%		(7,620)		(8,206)
Increase due to:				
Change in unrecognized tax assets		7,620		8,206
Income tax expense	$	-	$	-

(Stated in Canadian dollars)

Note 8 Income taxes – (cont'd)

The significant components of the Company's deferred income tax assets were as follows:

	June 30, 2016	December 31, 2015
Non-capital loss carry forwards	$ 15,826	$ 8,206
Deferred tax assets not recognized	(15,826)	(8,206)
	$ -	$ -

As at June 30, 2016, the Company had $60,869 (December 31, 2015 - $31,563) of non-capital loss carry forwards available to reduce taxable income for future years, of which $31,563 expire in 2035 and $29,306 expire in 2036.